U.S., in Switch, Backs Aid to Poor Nations

New York Times Service TORONTO — The United States agreed with nine other leading industrial nations Saturday on the need to provide additional funds to assist financially ailing

The move represented a reversal in policy by the United States, Un month, the Reagan administration

sary.

The industrial nations, known as the Gzoop of 10, decided to work toward a still undetermined increase in the contributions of individual donor nations to the International Monetary Fund, accord-

Mr. Regan spoke as prepara-nons were under way for the open-ing of the 37th annual meeting Monday of the Monetary Fund

agreed as a group that the world urgently needs additional monetary resources to meet severe financial problems in tional banking system. ial problems in the interna-

The United States is at odds with most countries on how to avoid a world debt crisis. Page 7.

Mr. Regan has declined to specify any numbers for either the quo-ta increase, which would not take effect until 1985, or a supplemen-tary crisis fund, which could go

But he noted that going into Sat-urday's meeting, all member coun-tries were agreed on quota increases of at least 25 percent, which would mean an additional \$15 billion to \$20 billion for the whole

trial nations had also welcomed a U.S. suggestion to strengthen resources of the fund further through a special emergency credit network, a so-called crisis fund to which rich countries would contribute. These funds could be

available by early next year; rou-

eschewed Mao's style of political

activism for quiet, orderly admin-

"It is true that impurities in ide-ology, style and organization still exist within the party and that no fundamental turn for the better

has as yet been made in the party style," Mr. Hu said.

power after humiliating persecutions during the Cultural Revolu-

tion, reportedly announced plans for a three-year party cleansing called "rectification and consolida-

Diplomatically, Mr. Hu's speech marks a sharp break from China's central theme since 1977: that

Moscow poses the greatest threat

to world peace and that the only

way to confront the Soviet menace is for China to join with the Unit-ed States and its industrialized al-lies and the Third World in an

Although China's official media

have recently increased their criti-cism of U.S. arms sales to Taiwan

and of Reagan administration pol-icies toward the Third World, Mr.

Hu's address to the full meeting of

Communist Party leaders is the

first concrete sign of a high-level

bargaining position with both of

American connection for the past

year, while diplomatic relations

came close to retrogressing over

China apparently has also con-

U.S. arms sales to Taiwan, Accord-

China has been reassessing its

them, according to diplomats.

anti-Soviet coalition.

from Washington.

Mr. Hu, a moderate restored to

China to Downplay

U.S. Ties, Abolish

Post of Chairman

time contributions would take longer to become available. The statement issued by the 10 took no position on this - or on a omewhat similar Mexican proposal - but referred the issue for

I amberto Dini, director general of the Bank of Italy, indicated Friday that the U.S. crisis-fund proposal would involve around \$10 billion.

The Group of 10 is composed of Belgium, Canada, France, West Germany, Italy, Japan, the Nether-lands, Sweden, Britain and the United States. Switzerland is an affiliated member. It is believed that pressure from

Washington's allies, as well as the shock of the Mexico's financial crisis, was a factor in bringing a change of position in the United

greements on other international trade and monetary matters, and there is apparently reluctance to add this issue to the list of problems. There has also been concern

the world banking system be main-tained to avoid international monetary paralysis as more na-tions seek to reschedule debt pay-

some political problems for the Reagan administration, which has always favored putting foreign-as-sistance funds to work in more easily controlled nation-to-nation agreements rather than increasing donations to international funds over which Washington has influ-

Mr. Regan, who is the outgoing chairman of Group of 10, a steer-ing body of finance ministers and central bank governors of the richer countries, conceded that "there are quite a few problems in the international economic sys-

nowledgement of worldwide eco-nomic fragility by the chief economic spokesman of the Reagan

In reviewing the world economic situation, the Group of 10 minis-ters said they recognized that "an increased role for conditional financing by the fund may be needed in the period ahead.

This amounted to formal notice of the agreement to boost fund resources. The fund makes loans with increasingly rigorous condi-tions attached according to the amount of the credit. The conditions, usually involving an end to consumer subsidies and greater orientation to exports, are designed to get the borrower in position to repay the loan.

While noting some progress in their review of the global economic situation, particularly lower interest rates and lower inflation, the Group of 10 ministers said in their communiqué that "economic and financial distortions" had complicated the task of restoring sus-



Donald T. Regan

A steering body of developing countries, known as the Group of 24, went even further in a commu niqué Friday evening. "Unless the adverse trends in the international economy are reversed," they warned, "the whole international system of trade and finance could

I Israel Presses Plan for New **Settlements**

JERUSALEM — Israel approved 10 new settlements in the occupied West Bank on Sunday, and Prime Minister Menachem Begin vowed in a letter to President Ronald Reagan never to return the disputed area to Jordan.

The settlements, approved by a ministerial committee, came as Mr. Begin sent Israel's formal rejection of the Reagan peace initia-tives announced last week along with a three-page letter — ad-dressed "Dear Ron" and signed

What some called the West Bank,' Mr. President, is Judea and Samaria, and this simple historical truth will never change," the letter

"Judea and Samaria will never again be the 'West Bank' of the Hashemite Kingdom of Jordan," Mr. Begin said.

The government committee allo-cated \$18.5 million to build three settlements in the West Bank. The rest are to be funded later.

The 10 new settlements ap-proved Sunday will bring to 109 the number of such townships in the West Bank and Gaza. They now house nearly 30,000 Jews among an Arab population of about 1.3 million, and are growing at a rapid rate.

In a sternly worded statement issued shortly after the approval of the new settlements, the White

stand why, at a time when broader participation in the peace process is both critical and possible, Israel has elected to extend a pattern of activity which erodes the confidence of all, and most particularly the inhabitants of West Bank and Gaza for a just and fairly negotiat-

ed outcome to the peace process."

The statement said that the United States was determined to seek broader participation in the peace process and said that the Reagan peace initiative "shall remain unchanged.

In making his proposals last Wednesday, Mr. Reagan said that the United States was against an independent Palestinian state but also asked that the Israelis immediately stop all settlements in the occupied territories. "True, you declare that you will

not support the creation of a Pales-tinian state," Mr. Begin wrote. "But such a state will arise of itself the day Judea and Samaria are given to Jordanian jurisdiction. "Under no circumstances shall we accept such a possibility ever arising which would endanger our

verv existence. Mr. Begin's letter also expressed

disappointment at Mr. Reagan's failure to mention the "bravery of the Israeli fighters and the great sacrifices of the Israeli Army and the Israeli people" in the Lebanese

Egypt Backs 'Aspects' Of Reagan's Initiative

CAIRO - President Hosni Mubarak cautiously endorsed U.S. President Ronald Reagan's Middle

"President Reagan's initiative has positive aspects," Mr. Mu-barak said. He said that his cabinet, which approved parts of the plan Saturday night, had some ob-servations on the proposal that

would be announced later. The U.S. defense secretary, Caspar W. Weinberger, in Cairo on a three-day visit, said he was delighted by the qualified welcome the cabinet extended to the pro-

posals Saturday night. Diplomatic sources said the Egyptian reaction could have an important effect on Arab opinion and help achieve settlement of the

Palestinian problem.

PLO Discussion

Members of the Palestine Liberation Organization's executive committee and central council met Sunday near Tunis, and said afterward in a communique that they had discussed the U.S. plan and would study it further.

Arab diplomatic sources said the PLO stand on the proposals would be the key factor in the Arab summit that opens Monday in Fez, Morocco. PLO sources said the organization's chairman, Yasser Arafat, would head its delegation.

Moderate Arab leaders were urging Mr. Arafat to accept the proposals as a starting point toward settlement of the Palestinian question, Arab diplomats said,

Mr. Reagan called for Palestinian self-government, in conjunction with Jordan, on the occupied West Bank and Gaza Strip. He also urged a halt to Israeli settlement on occupied Arab land but stopped short of supporting a full

In welcoming aspects of the plan, the Egyptian cabinet

appeared to be referring to the first two points. Political sources said they believed that the observations the cabinet would make on other

points would include the question of Palestinian statehood. The semi-official daily Al-Ahram reported that Mr. Mubaral-would send a message to Mi

Reagan in the next few days ex-There was no immediate official

Egyptian comment on Israel's move Sunday to establish additional West Bank settlements. Mr. Weinberger played a key

role in presenting the Reagan proposals Saturday to Mr. Mubarak. He said Sunday of the cabinet's reaction: "We are all very pleased with that statement."

U.S. Military Aid

[Also Sunday, Mr. Weinberger hailed what he described as special U.S.-Egyptian military ties and said that Egypt will get all the hardware it has requested. The Washington Post reported.

[Mr. Weinberger said Egypt would receive sophisticated Hawkeye EC-2 reconnaissance planes requested by the late President Anwar Sadat, but he did not specify when. Egypt is slated to receive \$1.3 billion worth of equipment and training during fiscal year

1982-83.] The U.S. defense secretary arrived in Cairo on Friday night from Israel, where the Reagan plan was uncompromisingly rebuffed by the government of Prime Minis-ter Menachem Begin. Mr. Weinberger, who was to leave Monday for London, said he thought Israel

might eventually reconsider. Diplomatic sources said the Israeli position could make it easier for Arab leaders to look favorably at the Reagan proposals. Jordan as well as Egypt, initially reacted

with cautious approval.

Egyptian officials said an important aspect of the U.S. initiative is that Mr. Reagan is addressing himself directly to the Palestinian problem as the root of the

Middle East conflict. The proposals fulfilled, at least in part, Mr. Mubarak's demand that the withdrawal of the Pales-

tinians from Lebanon be linked to a comprehensive settlement. The Associated Press reported

meanwhile, that authorized Algerian sources said the U.S. special envoy Vernon A. Walters arrived Sunday morning in Algiers for a 24-hour visit carrying a message from Mr. Reagan to President Bendjedid Chadli.]

■ Nimeiri Praises Reagan Plan President Gaafar Nimeiri of Su-

dan praised the Reagan plan Sunday, United Press International reported from Cairo. Mr. Nimeiri also said he would try at the Fez summit to have Egypt readmitted to the Arab League.

at the airport.

has got something to do with peace," Mr. Nimeiri said of the Reagan proposal.

He said he hoped the Arab summit would "follow the line of peace in the Middle East." This statement, with his comment on the Reagan plan, appeared to indicate

in Washington that the liquidity of

By Clyde H. Farnsworth

countries in paying debis.

had taken the firm position that no increase in fund quotes was neces-

ing to Treasury Secretary Donald T. Regan

and its sister organization, the In-ternational Bank for Reconstruc-

tion and Development.

The decision marked the first time that the industrial countries

By Michael Weisskopf

Washington Past Service BELIING — In major shifts on the foreign and domestic fronts,

China has discarded the idea of an

alliance with the United States as a global partner against the Soviet

Union and has decided to soon abolish the position of Communist

In a speech to the national party

congress on Wednesday, the Com-munist Party chairman, Hu Yao-bang, was sharply critical of the

United States. Excerpts of the

speech were released over the

Mr. Hu called Washington and

Moscow equal threats to world peace, contending that both are bent on "global demination." He portrayed China as seeking to mite with the Third World to up-

set the strategic plans of the super-

Mr. Hu took a slightly softened approach toward Moscow, recall-

ing past friendship between the,

two Communist powers. But he re-newed demands that Moscow must

take "practical steps" to reduce its

threat to China's borders as a

prerequisite to any moves toward

Blow to Mao's Prestige

On the domestic front, Mr. Hu

mounced that under a new party

constitution expected to be adopt-

ed later this week, the party will be

headed by a general secretary in-

stead of by the chairman. He now

holds both posts. The move was

viewed as another major blow to

the prestige of Mao, Reuters re-

The change, which also involves abolishing six vice chairmanships,

means that the party will revert to

the more orthodox Communist

structure it had in the 1920s and

in addition, another ideological

purification campaign by the party

appeared to be shaping up. This would come six years after the par-

ty halted the destructive political witch-hunt known as the Cultural

The new campaign, however, will be directed by the victims of the Cultural Revolution now back

in power who want to oust their

old leftist foes and corrupt offi-

The campaign would be the first

of its kind for the scientific social-ists who have been running China

since Mao died in 1976 and have

the past 18 months to reduce ten-

sions in Central America, the State

Department's former ranking rep-

resentative in Havana has charged.

ated the extent of Cuban arms

shipments to leftist rebels in the re-

gion, wrote Wayne S. Smith in a

Foreign Policy magazine article re-leased Sunday, Mr. Smith was chief of the U.S. interests section

in Havana until he resigned from

The U.S. evidence on arms ship-

ments "has never been solid," Mr.

Smith said. While some arms

have been sent from Cuba to El

Salvador, the quantities are almost

certainly far less than alleged. If the guerrillas had received all the

arms reported by U.S. intelligence.

the Salvadoran Army would be outgunned by 20 to 1."

The current U.S. posture is con-

the Foreign Service in August.

The administration also exagger-

Revolution.

Party chairman.

ote — The Coming

"I zo not just invite:

ul communed Dog;

difference bases :

REAL ESTATE
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CONSTRUCT VOICE

WATERCOM ORCE ES Common service losses or hors service losses or hors service losses or hors service losses or hors service losses

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144 ACRES TIME (BUR

Mr. Regan said that the indus-

study by deputy-level officials. United Press International report-

into effect as early as next year.

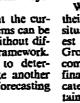
There have been several disa-

The change in position may pose

ence but no direct control.

But he added that "at the cur-

rent moment" the problems can be "handled, though not without dif-ficulty, by the existing framework. However, were things to deteriorate we'd have to take another look. But I'm not forecasting



LONDON, MONDAY, SEPTEMBER 6, 1982



COLLECTING AMMUNITION - As a woman with a para-

sol walked amid the wreckage of West Beirut's Fakhani district.

Lebanese soldiers emptied a basement armory Saturday of ammunition left behind by Palestinian guerrillas. Story, Page 2.

European Allies Rebuff U.S. Pipeline Envoy

Chinese decision to distance itself By Robert D. Hershey Jr. New York Times Service Diplomatic analysts said that WASHINGTON — The Reagan the address - the most authoritative Chinese foreign policy stateadministration's efforts to negotiate a settlement of its dispute with ment in years — reveals a fundaraental change in both China's asnatural gas pipeline has been set back by the apparent refusal of the sessment of the Soviet Union as a security threat and in its view of Europeans to meet with a U.S. em-Washington as a useful strategic

issary of less than cabinet rank. Chinese leaders apparently have It now seems that a renewed mediation effort will be delayed by decided that positioning China between the two superpowers enat least several days, a U.S. official hances its maneuverability and

Although it had not been announced, a State Department offi-cial, James L. Buckley, was to have headed an U.S. mission to Europe Saturday. However, the decision Friday by Britain, France, West Germany and Italy not to meet with him has dimmed hopes for an

ing to Beijing, the U.S. refusal to stop supplying weapons to an isearly settlement. The rebuff, which appeared to land that it considers part of China displays an arrogant interference in Chinese domestic affairs and have resulted from unspecified disagreements among the Europeans countries, put pressure on Presi-dent Ronald Reagan to raise the smacks of "hegemonism" typical political stakes by sending a highcluded that identifying itself with the United States thwarts its efer-ranking official to the talks. The European negotiators apparently have decided against immediately giving Mr. Reagan what had been

widely billed as a face-saving agreement for him.

"They know that, in order to send a cabinet guy, we had to make a political decision," said the U.S. official, who insisted on anonymity. The implication seemed to be that the Europeans believe Mr. Reagan has painted himself into a corner and that they thought they could strike a better deal if he is forced to commit his most senior aides to the negotiations.

Further Delay Possible

"Unless there's an immediate decision to send a Level 1, we're going to have more delay," the source said. He described the situation as "a mess."

Mr. Buckley, an undersecretary of state who has been recently designated counselor to the department, a different post, is a Level 3

There were rumors Friday that Mr. Reagan would direct Secretary of State George P. Shuitz to head a U.S. delegation, but a State Department spokesman, Susan Pitt-man, said she knew of no such

INSIDE

■ Doctors in Buffalo, New York, artificially sustained vi-

tal functions in the the body of a pregnant woman in order to keep her baby alive until it had a better chance of survival

Page 3.

Page 5.

outside the womb.

Another possibility was that have been a significant softening William E. Brock, U.S. trade rep- of the sanctions, perhaps winning resentative, who holds a Level 1 cabinet rank, would be sent. Mr. Brock was in Britain last week for a trade forum, and he met with the British trade secretary, Peter Rees, on the sanctions issue.

The sanctions, first imposed in December to protect what Washington has called Soviet repression in Poland and to deny the Soviet Union the hard currency it would earn from the sale of Siberian gas, were given full force when the Reagan administration imposed penalties against two French companies for shipping U.S.-licensed equipment.

Supplies Cut Off

The two, Creusot-Loire and Dresser France, the French subsidiary of Dresser Industries of Dalwere denied access to all U.S. products and technology. Last week administration officials said that the countermeasures would be revised so as only to apply to oil

The aborted Buckley mission was believed to have been pre-

Glascow, if a freighter loading there sails for the Soviet Union pared to negotiate what would with turbines. Bit by Bit, With Pressure, Reagan

By Hedrick Smith New York Times Service

WASHINGTON - For months, people have watched for the trademarks of President Ronald

his 1980 campaign. Bit by bit, starting with his proposal on Nov. 18 to eliminate U.S. and Soviet intermediate-range nu-

more traditional in its approach. Global anti-Sovietism remains, but Mr. Reagan's pattern defies easy ideological labels. There is still no clear, consistent, integrated

policy framework or strategy. What emerges most clearly are the personal characteristics of a leader reacting piecemeal to for-

tacks, mixing dogma with pragmatism, risking confrontation at home and abroad but keeping a canny eye on political benefit, and then seeking personally to dominate public debate.

of the sanctions, perhaps winning

in exchange a European commit-

ment to curb the financing of the

A vessel carrying two U.S.-de-

signed turbines manufactured by

an Italian company sailed Sunday

for the Soviet Union, as Italy

joined France and Britain in defy-

ing the U.S. embargo, The Associ-ated Press reported from Rome.

In Washington, the Commerce Department said Saturday the

state-owned manufacturer of the

turbines, Nuovo Pignone Engineering Co., was added to the list

of companies under temporary de-

nial orders. Nuovo Pignone is part

Ente Nazionale Idrocarburi.

or from the two compani

Italy's largest conglomerate,

There was no immediate reac-

U.S. officials have said restric-

tion from the Italian government

tions similar to those applied to the French companies and Nuovo

Pignone will be applied to John

Brown Engineering Co. of

■ Italy Ships Turbines

sentially passive until pushed too

hard and then he becomes active

Referring to the Israeli prime

Brzezinski said, "In the latest case. I think he felt that Begin pushed him around too much and humiliated him and he decided he had to act. My hunch is that if Begin pushes Reagan further and builds more settlements on the West Bank, Reagan will not back down but he will alter American policy

rope also bears earmarks of a pres-

by events, then, once pushed, mov-ing boldly, taking unpopular new

and assertive," commented Zbigniew Brzezinski, national security adviser to President Jimmy Carter.

minister, Menachem Begin, Mr.

The dispute with Western Eu-

was not being taken seriously by foreign leaders. In June, Mr. Reagan stiffened his sanctions against the use of U.S. technology in the Soviet natural gas pipeline to Europe, officials say, after being piqued by public comments by resident François Mitterrand of France that undercut a proposal for a coordinated Western credit squeeze on Moscow. On military sales to Taiwan, it

took a year of pressure from China Reagan to produce his proposal on European nuclear missile systems. On Middle East diplomacy, he

West Bank. Yet if belated, reactive diplomacy is a Reagan trademark, the president is also not deterred by politi-

and ultimately a veiled threat that Peking would withdraw its ambassador before the administration broke the impasse. On arms control, the mushrooming peace movement in Europe rushed Mr.

waited 18 months before taking a deep plunge, acting after the Bearut crisis for fear that Israel was bent on de facto annexation of the

During a two-hour stopover in Cairo on his way to Fez, Mr. Nimeiri had talks with Mr. Mubarak

"It is a good initiative since it

that Mr. Nimeiri would urge the cal opposition. As expected, he summit to go along with the U.S.

Former Envoy Says U.S. Ignored 3 Cuban Moves to Reduce Tension toward President Fidel Castro of buildup and its persistent efforts Cuba that worked against the best to interfere in the domestic affairs By Richard M. Weintraub Washington Post Service

of the Russians.

the Third World.

interests of the United States, Mr. WASHINGTON — The Reagan Smith said in the article. administration rebuffed or did not His sharp public criticism reprerespond to at least three initiatives sented a rare case in which an offiby the Cuban government during cial who has been involved in a

sistent with a record of two dec- dent Kennedy onward have been

major foreign policy issue decided to leave the Foreign Service to An adaptation of Mr. Smith's article appears on Page 4.

speak out. But Mr. Smith is the second senior diplomat to leave during the Reagan administration because of differences over Latin American policy.

The former ambassador to El Salvador, Robert E. White, took a similar step after being removed as envoy shortly after President Ronald Reagan took office. Mr. White also has since been outspoken in his criticism of U.S. policy in the region.

A State Department spokesman

said Saturday in response to Mr.

Smith's article that "successive

U.S. administrations from Presi-

of Latin American countries and

Cuba and its Soviet backers from these efforts. Unfortunately, concerted efforts to export revolution terized Cuban policy. ... We have made it clear on numerous occasions that a change in Cuban behavior, not just a change in rhetoric, is what is required."

Myopic Diplomacy," Mr. Smith detailed three initiatives by the Cubans to open talks with the United States on the confrontation over El Salvador and Nicaragua. The first was made shortly after Mr. Reagan took office in early 1981, the second in the late spring of 1981 and the third in April Each time, Mr. Smith wrote, the

countries outside this hemi-"All have sought to dissuade

and subversion have long charac-In his article, "Dateline Havana:

Cubans either were rebuffed or

was made immediately after the

Salvadoran Army defeated a rebel-

Mr. Smith said the first initiative

met with silence.

■ Unofficial reports are circulating in Moscow that Soviet President Leonid I. Brezhnev will retire by the end of ■ France has scaled down its

strong, aggressively stated initial commitment to increased military spending as the weak economy forces changes in Page 5. DITORILES. An agreement on deep-sea. mining claims has been signed by the United States, France, Britain and West Germany,

Alliance.

Sir Douglas Bader, the legless flying ace whose largerthan-life bravado helped make him Britain's most famous pilot in World War II, is dead at the age of 72. Page 6.

thus removing a potential irri-

tant to the troubled Atlantic

■ World aerospace, a special Page 7S. supplement.

Projecting Personal Foreign Policy

Reagan's foreign policy, but they have been styrued by his long hest-Page 2. tation to go much beyond the sharp, rhetorical anti-Sovietism of

> clear forces in Europe and now with his new peace formula for the Middle East, the president has put a Reagan stamp on some key issues. Gradually, he has projected a foreign policy considerably less doctrinaire than advertised in 1980, and, with a few exceptions,

eign problems - delaying unwel-

"In foreign policy, Reagan is es-**NEWS ANALYSIS**

in some significant way."

MOSCOW — Unofficial reports are circulating in Moscow that President Leonid I. Brezhnev, 75 and chronically ill, will retire by the end of the year.

Government sources who previously have refused to discuss Mr. Brezhnev's tenure in office or health said he probably would quit in late December at about the time of the nation's 60th anniversary celebration. But they said the announcement could come as early as next month.

Whether the reports are true or are trial balloons floated by interested parties is impossible to say. What makes them unusual is that government officials who would ordinarily deny knowledge of the issue are spreading the word among Western reporters.

Possible Successors The sources said Mr. Brezhnev would leave office with extraordi-

nary Soviet honors, a certified hero who had brought the Soviet Union to military parity with the United States during his 18-year tenure. His predecessors have either died in office or been removed. and Western experts cautioned that reports of Mr. Brezhnev's impending resignation could be part of an orchestrated campaign by other Politburo members, possibly including Yuri V. Andropov, the former chief of the security police, to push Mr. Brezhnev out of office.

Mr. Andropov, who serves with Mr. Brezhnev on the 13-member ruling body and who is regarded as his most likely successor, was suspected of having started rumors last spring that Mr. Brezhnev had been hospitalized after a stroke.

Mr. Andropov, 68, was thought then to have been trying to undercut the succession chances of Konstantin U. Chernenko, 70, a long-time Brezhnev aide and protégé.

"All the indications point toward retirement, but I wouldn't bet on the timing," a Western dip-lomat speculated, "He must feel incredible pressure to quit for the chance for enormous glory," How-ever, he cautioned: "You must remember that it's never happened

Other Politburo members reportedly have become increasingly irritated with Mr. Brezhnev's inability to do a full day's work in ter the country, was reassigned as recent years. The sources said ambassador to Sweden.

there was resentment that Mr. Brezhnev's aides were performing many of his major duties.

Some in the Politburo were also said to be concerned that Mr. Brezhnev was not well enough to leave the country to meet other foreign leaders, primarily President Ronald Reagan. He has not met with a U.S. president since June 1979, when he met in Vienna with Jimmy Carter to sign a strategic arms limitation treaty.

Mr. Brezhnev disappeared for four weeks in March and April. The Foreign Ministry said he was on a "regular winter vacation," and there was no confirmation that he was ill.

He looked relatively fit Aug. 31 in a televised report on his return from a two-month Crimean holiday, but his health is said to fluctuate dramatically.

During his recent holiday at his dacha on the Black Sea, Mr. Brezhnev met with only three leaders from Warsaw Pact countries. He normally sees all six.

Andropov Moves Up All signs point to an assumption of power by Mr. Andropov if Mr.

In May, a month after Mr. Brezhnev reappeared, Mr. Andropov was named to the Communist Party Central Committee Secretariat, and two days later he left his position in the KGB. The move was seen as an attempt to distance himself from the police network and establish himself as a more credible successor to Mr. Brezhnev.

Mr. Andropov reportedly has assumed most, if not all, of the assumed most, it not all, or the powerful roles once held by Mi-khail Suslov, the Stalinist professor who sponsored Mr. Brezhnev's rise to absolute power. He has taken over Mr. Suslov's role as top party ideologist, which puts him in control of Communist doctrine, Soviet culture and news organizations.

There have been other signs that the leadership is tightening its grip on the country, possibly in prepa-ration for the transition. Since Mr. Andropov left the KGB and Vitaly Fedorchuk took control, dozens of religious faithful have been arrested. On Friday, Boris Pankin of the Soviet Copyright Agency, which holds major power in deciding which foreign books and films en-

3 British Unions Back Call for Illegal Strike

United Press International The 1980 Employment Act, LONDON — Three major Brit- passed under the Thatcher governish trade unions announced support on Sunday for an illegal strike strikes. against Prime Minister Margaret Thatcher's Conservative government, which crushed several strikes by individual unions this summer.

Joining the call for a one-day strike on Sept. 22 are the 350,000member National Union of Mineworkers, the 900,000-member General and Municipal Workers Union and the 240,000-member Society of Graphical and Allied Trades. Other unions are expected

to follow suit. Arhtur Scargill, the mineworkers' president, said, "I hope every worker in Britain stops work."

He said it was the first time the powerful Trades Union Congress General Council had called for widespread industrial action since the general strike of 1926.

Norman Tebbit, Mrs. Thatcher's employment secretary, attacked the TUC, Britain's version of the AFL-CIO in the United States. He asked, "What will these

strikes do to help unemployment?" The strike will be in support of the 1.2 million-member National Health Service employees union, which has staged periodic strikes throughout the year rejecting Mrs. Thatcher's maximum 71/2 percent wage offer and demanding a 12percent pay increase.

By Henry Tanner

AMMAN, Jordan — Jordanian

New York Tunes Service

officials say that one of the most

immediate effects of President

Ronald Reagan's proposal on the

Middle East has been to ease Jor-dan's fear of internal destabiliza-tion by Israel or by Palestinian ex-

At the same time, the Reagan

"The president has put the Pal-

estinian issue into a Jordanian

context and given us a pivotal role," the official said. "We like

He indicated that King Hussein

would have to move very carefully

at the meeting of Arab leaders this week in Fez, Morocco, and in con-

sultations with Palestinian leaders.

Jordanians were afraid that their

own Palestinian population might

be radicalized by the suffering of

During the siege of Beirut, the

that, but it causes problems."

program has caused new anxiety

by "putting Jordan on the spot,"

tremists backed by Syria.

according to an official.

ment, forbids most such sympathy Mr. Scargill acknowledged that

sympathy strikes are illegal under present law Bill Keys, general secretary of

the print union, indicated that his Fleet Street workers would support the strike and said he would that down the newspaper industry if any striking union member were put in jail.

The militancy comes at the close a summer of numerous strikes in Britain, some of which were effectively broken by the Thatcher government

The most dramatic was a twoweek strike against the national railway, British Rail, that collapsed in July after the engineers could not muster support from other rail unions.

The Sunday Observer said one in four British workers has been unemployed for a period during 1982, a year in which the jobless figures reached a postwar peak of more than 3 million.

Thirty-one percent of the workers interviewed in a poll for The Observer blamed the government for unemployment, while the rest cited world recession, high wage demands, laziness and union lead-

in Lebanon and the inability of the Jordanian government and other

Arab nations to do anything about

The Jordanians also feared that

the Palestinians would regroup in

Syria, where they could be used for operations inside Jordan. This

danger has receded with the obvi-

ous coolness between the Palestinian leadership and Syria, it is be-

On the danger of internal desta-

bilization, Jordanian officials said

that Amman had seen a threat in

the repeated statements by Ariel

Sharon, the Israeli defense minis-

ter, that there was no point in

looking for a new Palestinian

homeland because the Palestinians

"We watched Lebanon and

frankly we thought we were next,"

an official said. He added that the

Israelis had made it clear in Beirut

that they were willing to use mili-

tary force even at the price of suf-

already had a state - Jordan.

lieved here.

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Plan for New Settlements

WEST BANK

(Continued from Page 1) war. He said 340 Israeli soliders were killed and 2,200 wounded,

100 seriously.
Agriculture Minister Simcha Ehrlich, who chairs the cabinetlevel settlements committee, said that the decision to approve the new settlements was not connected the Israeli rejection of Mr. Reagan's new proposals, Israeli Army radio said.

The Israeli cabinet rejected the Reagan proposals within 24 hours, saying they were in conflict with the Camp David agreements. Mr. Ehrlich said that one plan

for settlement in the area south of Hebron approved on Sunday was months old. He said that the government would develop its settlements according to its long-standing plans, the radio said. An official of the Jewish Agency, which is responsible for settle-

ments, said that the communities were part of a government plan to house 100,000 Jews in the territories captured by Israel in the 1967 Middle East war. The government has scheduled

for Wednesday twin parliamentary debates on the Reagan proposals and the invasion of Lebanon. Cabinet Secretary Dan Meridor said that with the PLO out of

Beirut, the government believed the active phase of the war was The question of getting about 30,000 Syrian troops and remaining Israeli forces out of Lebanon "is a different story," which Israel believes can be achieved through

negotiations, Mr. Meridor said. The opposition Labor Party on Sunday reaffirmed its support for some of the Reagan proposals and called the government's rejection

Beverage Kills 47 in India

United Press International NEW DELHI - Forty-seven persons died and more than 600 were hospitalized in the southern state of Kerala after drinking a homemade alcoholic drink during a harvest festival, the Press Trust of India reported Saturday.

"We had to assume that Sharon

would be fully capable of using

military force or political infiltra-

tion against us to bring down the

regime and pave the way for what he could then call a Palestinian

added that throughout the long siege of Beirut it had looked as if

there was no limit to what the

United States would permit the Is-

This feeling has changed, according to Jordanian and Western

Commitment Cited

laration an "irreversible commit-

ment to the survival and territorial

integrity of friendly nations,"

out included Jordan as well as Is-

which Jordanian officials pointed

More generally, the U.S. deci-

sion to play a forceful role in the

region is likely to have a moderat-

ing influence on Israel and other

powers in the region, including

The Jordanians also "sighed an

enormous sigh of relief" when it

became clear that Yasser Arafat,

the Palestinian leader, was not

going to Damascus after leaving Beirut but to Athens and then to

The Jordanians regarded this as

proof that the Palestinian leader-

ship had decided to free itself from

the influence of the hard-line Syr-

ian regime of President Hafez al-

Tunis, a Western diplomat said.

Syria, it is said here.

Mr. Reagan included in his dec-

raclis to do to their neighbors.

another official said. He

their family members and friends in Lebanon and the inability of the tional standing.

Israel Presses U.S. Aides Say Israel Withholds War Data

By Leslie H. Gelb

New York Times Service WASHINGTON - Israel will not share military intelligence from the war in Lebanon with the United States until the Reagan administration removes a variety of sanctions against Israel, according to administration officials.

The officials said the Israeli defense minister, Ariel Sharon, made that position known in a conversation with Defense Secretary Caspar W. Weinberger in Washington two weeks ago.

One of the sanctions cited by Mr. Sharon was President Ronald Reagan's decision to hold up congressional action on the sale of 75 F-16 jet fighter-bombers long promised to Israel. The delay was in response to Israel's attack on Palestinian forces in Lebanon in

U.S. military officers and Central Intelligence Agency officials attach great importance to Israel's sharing of military intelligence. They have made it clear to Pentagon officials that they want to see with Syrian forces that were using Soviet weapons systems.

At the same time, the Israelis place considerable importance on sticking to the delivery schedule of the F-16s in order to maintain air superiority over Arab air forces.

The bargaining over intelligence sharing and F-16 deliveries is a backdrop to the larger dispute that Israeli and U.S. officials say they expect over the plan Mr. Reagan proposed Wednesday toward resolving the questions of a Palestinian homeland and Israeli security. The Israeli government's first reaction to the plan was anger and complete rejection.

Administration officials insisted that there was no connection between the continued delay in F-16 shipments and efforts to gain Israeli cooperation with the presi-dent's negotiating plan. They said no one in the administration questioned the commitment to provide the aircraft and approval was

only a matter of timing." They did not deny, however, that the F-16s could become part

Jordan Appears Heartened by Reagan Plan Relations between Syria and Jordan have been extremely tense for years. Syria accuses Jordan of giving aid to the subversive Moslem Brotherhood in Syria, and the Jordanians have accused Syria

of the bargaining over sharing in-

tions against the Israelis.

telligence information. During a visit to the Pentagon on Aug. 27, Mr. Sharon mentioned to Mr. Weinberger that Israel had learned many military lessons from the war in Lebanon. But he added, according to sources, that it would not be logical for Israel to pass along information while the United States maintained sanc-

Mr. Sharon was said to have urged that the two sides wait until their relations returned to normal before negotiating an agreement for sharing the information. It is normal practice for Israel and the United States to negotiate such specific arrangements; they did so after the 1967 and 1973 Middle East wars.

Mr. Weinberger was said to have responded that he did not know what sanctions were being referred to by Mr. Sharon. He reportedly gave Mr. Sharon a list of veapons that the United States continued to provide Israel.

Mr. Sharon reportedly responded with a list of U.S. sanctions, including the F-16 delay, the suspension of the 1981 memorandum of understanding on military cooper-ation after Israel annexed the Golan Heights in December, and the suspension of deliveries of cluster bombs because of Israel's use of the weapon in Lebanon. Mr. Weinberger's response could not be learned.

U.S. military officers are particularly interested in learning about what Israel experienced in attacking Syrian missile batteries. The batteries - made up of a variety of Soviet-made surface-to-air missiles such as SAM-2s, SAM-3s and SAM-6s, as well as anti-aircraft guns and radar — are virtually identical to Soviet systems in Europe. The Israelis destroyed the batteries without losing an aircraft.
There is also considerable inter-

est in Israel's experience against Soviet-made MiG-21s and MiG-23s and the T-72 tank, of which Israel destroyed several. The Israelis shot down 80 MiG-21s and MiG-23s without a loss.

After the 1967 war, Israel provided information about the highaltitude SAM-2s that proved valuable for U.S. pilots flying against the missiles in North Vietnam. After the 1973 war, the Israelis passed along information on the low-altitude SAM-6s.

Former Nixon administration officials said that Israeli military intelligence provided after the 1973 war was dwarfed by data provided by President Anwar Sadat of Egypt as relations between Egypt and the United States warmed.

U.S. Nuclear Plant Officials Examine Pipe-Welding X-Rays for Alterations

The Associated Press NEW YORK - Officials at nuclear plants throughout the United States are examining X-rays of piping welds after learning that the films had been altered to make them seem to conform more closely to safety standards.

of conducting subversive opera-

The records were doctored by three technicians employed at two unrelated pipe supply companies. In one of the cases, the X-rays had been altered during a six-year peri-

20 Injured in Protests At Frankfurt's Airport The Associated Press

FRANKFURT — Twenty persons were injured Sunday in demonstrations protesting construction of a new runway at Frankfurt's Rhein Main International Airport.
Police said about 100 persons
broke away from about 500 demonstrators and bombarded police with stones, bottles and paint bags. Police detained 11 persons, Securi-

ty officials found a land mine near

the construction site, but it was

od. Nuclear Regulatory Commission records show the companies have supplied pipe for about three dozen nuclear units, five of which are already operating.

John Kopeck, a spokesman for the regulatory commission, said no defects had been found in any of the welds. Breaks in water pipes would threaten the cooling systems that are crucial to the operation and safety of nuclear power plants.

The regulatory commission informed utilities last month that

films of cooling pipe welds at a plant being built in Satsop, Wash-ington, had been "enhanced" with a pencil. The doctoring of the films was uncovered during a routine audit of work performed by Associated Piping & Engineering Corp. of Compton, California.

The regulatory commission had previously been informed of similar X-ray doctoring on work per-formed by ITT Grinnell Industrial Piping Inc. at two nuclear units being built in Midland, Michigan. An ITT spokesman said two technicians were dismissed after it was determined they had altered radio-

Relinquishes 2 Beirut Sites Syria Reports Clash, Deaths of 3 Israelis

Leftist Militia

Compiled by Our Staff From Dispatches
BEIRUT — Leftist Lebanese militiamen Sunday moved out of two large buildings they had occupied in the 1975-76 civil war, turning over the West Beirut structures to the Lebanese Army and police. The Murabitoun, the largest leftist militia still in Beirut, handed over the Murr Tower, a 30-story, never-completed block, and the Holiday Inn, which were taken from rightist Phalangist forces dur-

ing the civil war. After the war, the leftists transferred the buildings to the Syrianbacked Palestine Liberation Army. They reclaimed the sites only recently, after the Palestinian group left Beirut during the evacuation of Syrian and Palestinian fighters

that was completed last week.

Ibrahim Koleilat, leader of the
Murabitoun, said Sunday his
forces refused to move from other positions in the city's port area, fearing that U.S. Marines who now control the port as part of a multinational supervisory force would let Israeli troops slip through their lines and attack. He said these positions would be handed over when U.S. troops leave the port.

Beirut's southern suburbs, where leftists and Israeli troops had exchanged sniper fire for the past two days, were quiet Sunday. But the Israeli military com-

mand said Sunday in Tel Aviv that eight Israeli soldiers had disappeared Saturday from an observa-tion post north of Bhamdoun in central Lebanon and apparently were abducted and taken to a Syrian-held area. It said the Interna-tional Red Cross had been asked

to investigate. In Damascus, a Syrian military command spokesman said three Israeli soldiers were killed and three wounded during a skirmish between Israeli and Syrian troops. The spokesman said a Syrian soldier was killed and three wounded before the "enemy patrol with-

■ Israeli Soiping
Earlier, the Washington Post
filed the following account from

Beirut: Israeli soldiers occupying new forward positions in a southern suburb of West Beirut harassed Lebanese Moslem militiamen with sniper fire Saturday despite assurances given to the Lebanese government that they were with-

The Israeli troops, estimated to number between 40 and 50, occupied the Bir Hassan neighborhood Friday in an apparent breach of the Aug. 12 "cease-fire in place" that was one of the cornerstones of the U.S.-mediated evacuation ac-

After Lebanese complaints about the advance. Israeli officials passed word to Ambassador Robert Dilion of the United States that they would withdraw. The Israelis, however, did not pull back Saturports that they had done so. On Saturday afternoon, the Israelis opened fire on a leftist militia roadblock without causing inju-

Also Saturday, the Palestine Liberation Organization's remaining diplomatic representative in Beirut, Shafiq Hout, presided over the handover to the army of PLO ammunition stores and heavy weaponry. However, before the PLO left Beirut, it gave huge stocks of ammunition and heavy weapons to the militia groups that had fought at their side.

Computer Buffs, Rock Fans Team Up at U.S. Festival

United Press International SAN BERNARDINO, California — More than 200,000 "surprisingly well behaved" music fans and computer buffs. undaunted by high tempera-tures, celebrated high technology and hard rock at the US Festival over the weekend.

The three-day festival - the largest outdoor concert since 1969 — resembled a Boy Scout jamboree with the mostly young crowd pitching tents in campgrounds and hanging U.S. flags from recreational vehicles. Marijuana smoking and other drug use were rampant, but law officers were noticeably lenient.

Sheriff's deputies reported one violent crime — a rape on Friday, the opening day of the festival. "I'm really shocked that these kids are so well behaved," county police Captain Joe Karr said. Fans listened to performanc-

es beamed by satellite to the Soviet Union, as well as groups including Santana

WORLD BRIEFS

3 Said to Plan 20 U.K. Assassinations

LONDON - Police officers who arrested three Irish National Liberation Army members in Paris last weekend found a handwritten list outlining a plot to assassinate 20 prominent Britons, The Sunday Times

The guerrilla organization, an extreme left splinter group of the life. reported. Republican Army, planned to kill an important British politician and 19 other prominent Britons as part of a terror campaign to overshadow the Oct. 20 elections for a provincial parliament in Northern Ireland: the

The names were not revealed, but the report said a senior officer of the newspaper said. • British Army of the Rhine and the British military attaché in The Hagne were among the targets. The list of victims, three guns, two detonators and 500 grams of explosive were seized during the raid in which Michael Plunkett, Mary Reid and Stephen King were arrested. The Sunday

Turks Impose Curiew, Take Census

ANKARA — The military government pressed its support for a proposed constitution by imposing a curfew Sunday to conduct a census of those who are expected to vote in a referendum in November. The 14-hour curfew was imposed Sunday so government workers could conduct a census of 21 million voters. Those who declined to be registered in the census were subject to five-year prison sentences. Viola-

tors of the curfew were subject to six-month jail terms. The new constitution would limit freedom for the sake of political stability, according to the head of state, General Kenan Evren. Critics have said the draft centralizes power in the presidency, which would have the power to dissolve parliament and decree a state of emergency.

Mass Honors 2 Poles Killed by Police

LUBIN, Poland — Nearly 4,000 people jammed a church Sunday for an emotional funeral Mass in memory of two workers shot and killed by the police during Solidarity protests Tuesday.

After the Mass, which ended without incident, about 300 people gathered at the area in the center of town where Andrzej Trajkowski 32, and

Mieczyslaw Pozniak, 25, were killed. They placed flowers and candles

without being disturbed by the police.

The crowd sang the national anthem and flashed V signs. The police stayed out of sight. The police and army troops continued to main madblocks outside the city, and private cars were banned in the city center.

Manila Charges 68 With Conspiracy

MANILA — The army has formally charged 68 people with conspir MANUA — The army has formally energed to be people with construction to commit rebellion, according to the official Philippine press agency.

Of those charged, the army has acknowledged arresting and detaining only 32 people, mostly trade unionists led by Felixberto Olalia, 79, chairman of the May 1 Movement labor organization, which claims a follow-

They were arrested after Mr. Marcos said last month that some unions were conspiring with subversives to carry out bombings and assessina-tions before or during Mr. Marcos's mid-September visit to the United States. Mr. Marcos said later that the alleged plot had been broken up but the army has continued making arrests, saying the terrorism was part of a larger plot by the Communist Party to depose Mr. Marcos.

Toll in Indian Flooding Passes 500

NEW DELHI — Continued flooding of the Ganges River and its tributaries inundated 1,600 more villages in Uttar Pradesh, India's largest state, and the nationwide monsoon toll passed 500 Sunday, the anthorities said.

In neighboring Bihar state, the Ganges swamped large tracts of farmland and scores of villages, officials said. Low-lying areas of Patria, the capital of Bihar, were reportedly flooded. In Orissa state in the southeast, about six million people were displaced by flooding, the local au-

Uttar Pradesh officials said about eight million residents of 12,500 hamlets, mostly in the east, were displaced by floods. At least 41 mon-soon-related deaths were reported Sunday in Uttar Pradesh. Air force helicopters and transport planes dropped food packets to thousands of

Burma May Back Cambodia Rebels

RANGOON, Burma - The Burmese government is expected to support a new coalition of Cambodian guerrilla groups opposing the Viet-namese-backed government in Phnom Penh at the United Nations this

month, sources say. Vietnam and the Association of Southeast Asian Nations, which favors the guerrilla coalition created in June, have been courting Burma

for support on the Cambodian issue. Burma, which is nonaligued, maintains friendly relations with Hanoi. But it opposed Vietnam's invasion of Cambodia in December 1978 and has continued to recognize the Khmer Rouge government, Burma voted to seat the Khuner Rouge at the 1981 UN session and was likely to

support the new coalition led by Prince Norodom Sihanouk Compiled From Agency Dispatches

Under Pressure, Reagan Puts His Stamp on Foreign Policy

(Continued from Page I)

faced down the nuclear freeze movement and liberals favoring arms control with his commitment to a rapid U.S. military buildup and a tough negotiating stance on strategic arms reductions.

Less expected, he was willing to offend ardent rightist Republicans by promising China that the United States would gradually reduce arms sales to Taiwan.

This summer, he has dared to fuel tensions in the NATO alliance by tensciously insisting on trade sanctions against the Soviet pipeline. And now, with an important congressional election only two months off, he has risked a confrontation with Israel and U.S. Jews by proposing "full autonomy" for Palestinians, somehow linked to Jordan, and by opposing further Israeli settlements on the West Bank.

Mr. Reagan's attitudes toward the world have their roots in the America-first, isolationist instincts of the Middle West where he was raised. His foreign policy has been slow to take shape not only be-cause he assigned higher priority to the economy but, perhaps just as importantly, because both he and his advisers lacked experience and a concrete vision for dealing with foreign affairs.

Now their basic instincts are being reshaped by the complexities of a world that does not yield to a all of 1981 was 650.

simple ideology or to assertious of U.S. will Apparently, they are also being modified by Secretary of State George P. Shultz. Quietly, he has encouraged Mr. Reagan to soften

the penalties imposed under his pipeline sanctions.
Once before, in 1970, the United States put forward a Middle Past plan calling for Israeli withdrawal from occupied Arab lands roughly to the 1967 cease-fire lines. But confronted by an adamant Israel. President Richard M. Nixon backed off and the initiative died.

This time, the Reagan administration laid considerable groundwork in advance, gaining qualified support from Jordan's King Hussein and private encouragement from the influential foreign affairs committees of Congress. The president's strategists believe bold action reinforces his image for forcefulness, but the swift Israck rejection shows it is one thing to articulate foreign policy and another to implement it.

Air Toll for 1982 Is 538 Reter

BERN - Five hundred and thirty-eight people died in air crashes throughout the world in the first half of 1982 compared with 145 during the same period in 1981, according to a report made for Swiss insurance companies. The toll for

Iraq Says It Sank 4 Ships in Gulf

BEIRUT - Iraq has said that its navy and air force, under orders to blockade the Iranian coast, has destroyed four ships in the Gulf, including two tankers sailing toward Iran's main oil terminal on Kharg

The announcement Saturday gave no details of the nationality of the ships allegedly destroyed. But a senior Iranian oil ministry official contacted from Bahrain denied that any vessels had been sunk near Kharg Island. He also said he understood that no ships had been damaged at the Iranian port of Bandar Khomeini, where Iraq said the other two vessels had been destroyed.

Iraq and Iran have been at war

land deadlocked, Iraq on Ang. 12 "since the early days of the war in declared that any ships entering a military exclusion zone at the head of the Gulf would be liable to at-

Saturday's Iraqi announcement, read by a military spokesman on state television and published by the official news agency, said: "Our armed forces have started carrying out the warning to bomb oil tankers that approach the prohibited military zone in the Kharg area and the Iranian shore.

"We will continue this policy until the Iranian enemy respects the will of the Iraqi people and its sovereignty over its land and until

the Iranians agree to end the war."

September 1980. But it set out the exact location of the exclusion zone after it sank two ships, one Greek and one South Korean, near Bandar Khomeini Western industry sources esti-

mated that last month's Iraqi warnings had succeeded in reducing Iranian oil exports. Also, freight and insurance rates rose sharply for tankers going to Kharg Island

But two days ago Tehran Radio quoted the country's deputy oil minister, Abbas Honardoust, as saying 14 tankers had loaded at Kharg Island in the past week. He also announced that Iran's nation-Iraq had instructed shipping to al insurance company was ready to.

By Cristine Russell WASHINGTON — The body of a brain-dead woman was used as and lungs working through artifian "incubator" to keep her unborn beby alive until it had a better cial means when the brain is no longer functioning and the ability

A precarious period of intensive case followed, but the child was discharged from the hospital three months later and adopted. She appears to be meeting normal mile-toner." Recogning to D. Welliam

stones," according to Dr. William P. Dillon, an obstetrician who helped make the decisions in the

Profound Questions

The case, thought to be the first

of its kind, may cause debate over the medical, legal, ethical and even sconsmic questions involved.

It is an example of how recent advances in medical technology

rhance of survival outside the womb, doctors in Buffalo, New to save premature infants who once would have died. The unusual medical circumstances of the pregnancy compli-cased the case. The 24-year-old York, have reported.

After more than a week of artifichily supporting the mother's vital functions, the premature infant, a girl weighing about two pounds, was delivered by cesarean section. woman was an epileptic who had been taking medication that great-ly increased the risk of birth de-

Doctors did not know if the baby was deprived of oxygen during a long seizure that brought her mother to the hospital, and no one knew why the woman's brain became so inflamed that it ceased

The woman was unmarried, and her elderly mother gave the doc-tors permission to make decisions. Because the state of New York had not adopted a statute defining brain death as death, there were potential legal problems.

"It was our decision, and in the final analysis we were plunged into

have created new problems. These an area where there was no mediproblems arise because doctors cal experience." Dr. Dillon said in have both the ability to keep beart an interview. "We assumed the mother intended the fetus to survive and would have wished life support to be continued. And we assumed that if the fetus could have been asked, it would have

Extraordinary Measures Dr. Dillon and his colleagues at Children's Hospital of Buffalo re-ported their experience, which took place in early 1981, in the latest issue of the Journal of the American Medical Association. They also cited a 1980 Buffalo case in which life support was stopped in an unconscious woman who also had suffered irreversible brain damage but whose unborn child was only halfway to term.

The doctors suggest that there is point, between 24 and 27 weeks pregnancy, at which it becomes reasonable to attempt "extraordinary" life support of the fetus in the event of maternal brain death. They note that at their hospital

fetus delivered at 25 weeks has

only about a one-third chance of surviving, while at 27 weeks three-fourths of the premature infants may survive. The brain-dead mother's baby was delivered at 26 weeks. A full-term birth occurs at about 38 to 40 weeks. Dr. Dillon said a search of medi-

cal literature revealed no previous cases of successful cesarean delivery of such a young fetus after maternal brain death. He noted that in 1976 and 1977, two cases were reported in New

York and Colorado in which attempts were made to maintain maternal life support for two days to two weeks involving infants be-tween 16 and 20 weeks of gestation. Both were unsuccessful Cases Are Rare

Post-mortem cesarean section deliveries are rare and they generally involve immediate delivery aftraumatic death or illness when the baby is near term. This forces us to deal with

claims of the fetus, the role of guardians to make decisions and questions of whether a woman in

7 Abscam Convictions Are Upheld;



Dr. William P. Dillon

this condition is really dead," said Robert M. Veatch, of the George-town University Center for

"One question is whether you ought to use such extreme mea-sures to save the fetus. That's not a scientific question, it's a question of ethics, religion and public poli-

of Florida, on the ground that

"law enforcement exceeds its

bounds when it manufactures

crimes and creates criminals." The

Justice Department is appealing that ruling.
The other defendants involved

in Friday's ruling were Angelo J.

Errichetti, former mayor of Cam-

den, New Jersey; Louis Johanson, former Philadelphia councilman,

and Howard L. Criden, a law part-

Mario Merola, the Bronx dis-

trict attorney, said Friday that sev-

eral meetings and "an argument

over money" had preceded the kill-

ing of Mr. Masselli as he sat in his

car with two men Aug. 25. Mr.

Odierno, 67, a reputed gangland

figure from Valley Stream, N.Y.,

was accused of being in the car

when Mr. Masselli was shot.

U.S. Coal Plan

Letter to Watt Warns Of Loss of State Control

By Dale Russakoff

Washington Post Service
WASHINGTON — In a sharply
worded letter to James G. Watt, the interior secretary, the governors of nine western states have called his department's new coalleasing policies a move "10 once again centralize on the Potomac critical decisions affecting western

The governors, seven Democrats and two Republicans, said the rules would reduce the influence of state officials and open the way for "excessive leasing of federal coal." This could drive down the price

the government receives for its re-sources and lead to "needless, delaying litigation," the letter said. Interior Department officials declined to comment on the letter, saying Mr. Watt had not yet received it.

The main accusation in the letter was that the regulations "evis-cerate the most vital organ for state-federal cooperation, the re-gional coal teams." The teams, composed of governors and Interior Department officials, were among the Carter administration's

Under the new regulations, the teams will forward several options, rather than one, to Mr. Watt. Aides to the governors said they feared the Interior Department would put more coal on the market than state officials wanted. They cited the department's recent proposal to lease between 800 million and 1.2 billion tons of coal along the Montana-North Dakota bor der after a regional coal team recommended leasing between 400 million and 800 million tons.

The letter criticizing the regulations was signed a week ago at a western governors' meeting in Idaho. The same nine officials also unanimously passed a resolution critical of a proposal by the Reagan administration to sell millions of acres of public lands to help reduce the national debt.

The resolution and the letter represent unusually sharp criticism by the governors, whom Mr. Watt has often cited as his strong supporters and who have praised many of his pro-development poli-

Mr. Watt's policies directly affect the nine governors' states, where the Interior Department owns more than one-third of the land and much of the coal.

The governors who signed the etter and the resolution are: Ed Herschler of Wyoming; Richard D. Lamm of Colorado; Scott M. Matheson of Utah; Ted Schwinden of Montana; Bruce King of New Mexico; Allen I. Olson of North Dakota; John V. Evans of Idaho; William J. Janklow of bitt of Arizona. Mr. Janklow and Mr. Olson are Republicans.

The coal regulations have been

in effect for only five weeks and have not yet been used in a major sale of federal coal rights. The interior Department revised the rules as part of the Reagan administra-tion's effort to "eliminate burdensome and unnecessary rules."

Western governors proposed 175 changes when the Interior Department circulated a draft of the rules earlier in the year. The de-partment rejected 159 of them, according to the governors' aides.

Warsaw Pact Exercise Due United Press Internations

MOSCOW — The Warsaw Pact countries will hold ground and naval exercises in an operation codenamed Shield 82 in Bulgaria and in the Black Sea from Sept. 25 through Oct. 1, Tass said on Satur-

9 Governors 100 Papers on Optics In West Assail Censored by Pentagon

New York Times Service
WASHINGTON — The Defense

Department blocked the presentation of about 100 technical papers just before they were to have been delivered at an international convention on optical engineering in San Diego late last month.
The last-minute security crack-

down appears to have been the most sweeping effort yet by the Reagan administration to prevent the unauthorized disclosure of sensitive technical data that officials believe could be of military use to the Soviet Union or its allies. The abrupt nature of the action

disturbed some top scientists and even other government officials, with George A. Keyworth 2d. President Ronald Reagan's science adviser, calling the incident "both unfortunate and ill-timed." The action disrupted the 26th

annual symposium of the Society of Photo-Optical Instrumentation Engineers by eliminating about one of every six papers scheduled to be presented.

The papers that were withdrawn covered such advancements in optical technology as small mirrors for laser communications between satellites and submerged submarines; infrared optics, and airborne reconnaissance sensors. A Defense Department official

more popular initiatives among who played a key role in blocking many of the papers said he had done so partly because they con-tained sensitive technological data and partly because of the presence of Soviet and other foreign scien-tists at the convention. He declined to be identified.

Mr. Keyworth acknowledged "some reconciliation" was needed between the legitimate concern of the Defense Department on the transfer of sensitive technology and the desire of many sci entists for "an unfettered pursuit of research" and freedom to speak at international conferences.

An account of the incident is contained in the current issue of Science News, a weekly magazine that had a reporter at the convention. The magazine said that the government's censorship actions appear to be unprecedented in

their timing, in the large number of papers removed and in the scope of the papers' content."

Richard Wollensak, a vice president of the Itek Corp., a major electronics company, who is president of the photo-optical society, said his major concern was that the Defense Department intervention came too late to allow an orderly clearance procedure.

Although the conference had been advertised for months, Pentagon officials raised serious objec-tions only two or three weeks before the meeting. There are con-flicting and unsubstantiated reports that some sensitive papers had already been cleared at lower levels by the armed services only to be censored later when higher officials became concerned about the presence of Soviet scientists.

According to one government official who attended the conference, the military authorities sent notices to the authors shortly before the conference advising them to obtain the appropriate

The warnings left many speakers confused about their rights to free speech and just how sensitive their presentations were considered by the government. "People didn't know what to do," said one participant. "Rather than take a chance, of violating some regulation, they decided not to present their pa-

U.S. Juggles Accounts, **Ducks Federal Layoffs**

By Martin Tolchin New York Times Service

WASHINGTON - Administration officials, determined to minimize the disruption of government services because of President Ronald Reagan's veto of a supplemental appropriation bill, have devised unusual strategies to avoid the furlough of more federal em-

One House committee chairman has questioned the legality and propriety of some of those tactics, which include delays in payments of taxes and rents and the juggling of accounts within agencies.

Threats of furloughs and service disruptions have become a staple in fiscal negotiations between Congress and the White House. Although federal employees have taken brief furloughs, the threats groundless. They have nonetheless embarrassed members of Congress, who feared being portrayed as standing idly by as the government shut down.

Furloughs for 19,000 Internal Revenue Service workers are expected Tuesday as the first major effect of Mr. Reagan's Aug. 28 veto of the \$14.1 billion spending bill, which he called "wasteful and unneccessary." But administration officials say they can wait until Sept. 15, when a new supplemental spending bill could be passed, before facing a real threat of a government breakdown.

"We are using every legal remedy to avoid the need for fur-loughs," said Edwin L. Dale Jr., spokesman for the Office of Management and Budget, which is coordinating the effort to keep the government afloat.

One tactic involves the delay in the payment of federal income and Social Security taxes from the De-

fense Department to the Treasury. Attorney General William Freach Smith has ruled that the Treasury secretary has considerable flexibility in determining when such payments fall due.

However, Representative William D. Ford, a Michigan Democrat who is chairman of the Post Office and Civil Service Committee, has asked the General Accounting Office to determine the legality and the cost of the proce-

Another strategy has averted furloughs at the Federal Labor Relations Authority that had been scheduled to begin Tuesday. The agency will delay paying its bills to the General Services Administration, thereby assuring the availability of \$645,000 needed for the payroll, the agency announced Sat-

aking fiscal adjustments include the Secret Service, the National Aeronautics and Space Administration and portions of the Justice Department, the budget office and the White House itself.

West Germany Arrests Dane on Spy Charges

KARLSRUHE, West Germany — A Danish journalist has been arrested by West German authori-ties on suspicion of spying for East Germany since 1958, the federal prosecutor's office said.

The unidentified 51-year-old journalist, who was said to work in Bonn for several Danish publications, was picked up Friday at Flensburg on the Danish border as he was leaving West Germany, the office said Saturday.

(Continued from Page 1) Enders said last March, the U.S. offensive in January 1981. Cuba tinds the record on negotiating with Cuba 'daunting.' " She was and Nicaragua had increased their referring to Thomas O. Enders, the

FIRE SURVIVOR — A firefighter holds a child rescued

from an apartment fire in Los Angeles. At least 18 persons,

including four infants, were trapped and killed in the fire Saturday, and at least 17 persons were reportedly injured.

support for the Salvadoran rebels in anticipation of the offensive, he said, but after it was defeated both countries "reevaluated their posi-

inauguration, arms shipments de-Shortly afterward, Cuba ex-ressed interest in a negotiated set-

ement in El Salvador. Response Urged

tions. Very shortly after Reagan's

"The U.S. interests section in Havana reported these demarches ing process," Mr. Smith said. to Washington, and I urged in several cables that we respond to the Caban overtures, if only to empha-size the strength of U.S. feelings," Mr. Smith wrote. "The Depart-ment of State never responded in

any way."

The State Department spokesman, in answer to Mr. Smith's charges that Cuban approaches had been spurned, said Saturday, "We have never closed the door on dialogue and we have in fact main-tained a dialogue with Cuba even though, as Assistant Secretary

Ex-EnvoyAssails U.S. on Cuba

U.S. assistant secretary of state for inter-American affairs. Mr. Smith said that in the late spring of 1981, the Cubans, "concerned over rising regional tensions, stated they would favor mutual security guarantees and would be willing to play a positive role in bringing them about.

"During a visit to Washington a short time later, I was told there was no interest in such a negotiat-

Mr. Smith then said the Cubans, who had claimed in April 1981 that they were not arming the Salvadoran rebels, told the United States in December that they had halted arms shipment to Nicaragoa, which the United States says is the primary conduit to the reb-

After this, in April 1982, he says Havana offered to begin talks. Washington's response, he wrote, was yet more attempts to isolate Mr. Castro, coupled with contin-ued claims of arms shipments.

creation of an opportunity for the Harry Jannotti, who had been vi-By Paul Taylor Washington Pass Service NEW YORK — A federal appeals court in New York has upheld the Abscam convictions of commission of a crime by those deotaped taking cash from under-The government produced peo-Friday's ruling is directly at odds with a finding in May, in which a district court judge threw ple with fictitious identities ready to pay bribes to congressmen. out the Abscam conviction of for-mer representative Richard Kelly Word of the availability of bribe

money was made known. From

that point on, the essential conduct

of the agents and their paid in-

formant was to see who showed up

to take the bribes and videotape

It is the second time that a fed-

eral appeals panel has upheld the

constitutionality of the methods used in Abscam. The 3d U.S. Cir-

cuit Court of Appeals reached the

same finding in a case against two

former Philadelphia city council-

men, George X. Schwartz and

NEW YORK - Salvatore Odi-

erno has been indicted on charges of killing Nathan Masselli in what

investigators characterized as an

underworld business dispute

rather than an incident connected

to Mr. Masselli's role as a witness

in the federal inquiry into the ac-tivities of Raymond J. Donovan,

the U.S. labor secretary.

them in the act of doing do."

Entrapment Arguments Rejected

four former congressmen and three other persons, finding there was nothing in the government's "sting" operation that violated the defendants' constitutional rights.

"The four congressmen were caught on videotape in the very act of committing federal crimes," Judge Jon O. Newman wrote for a three-judge panel of the 2d U.S. Circuit Court of Appeals. "The conduct of the investigation, though subject to some criticism. affords no basis for rejecting the

The panel affirmed the convictions Friday of former Democratic representatives Frank Thompson Jr. of New Jersey, John M. Mur-phy of New York and Raymond F. Lederer and Michael J. Myers, both of Pennsylvania. They had been convicted of con-

spiracy, accepting illegal gratuities and other charges; their appeals had been consolidated from three federal jury trials.

One Charge Reversed The panel reversed one conflict-of-interest charge against Mr. Murphy, on the ground that the trial judge had erred in instructing the jury, but held that the government may prosecute the charge again, if it wishes.

His conviction on charges of conspiracy and receipt of an unlawful gratuity were affirmed, ceptance of \$50,000, which he subsequently shared with Mr. Thompson, in return for his promise to help an FBI agent posing as an Arab sheakh with an immigration

The panel ruled that Mr. Murphy, who had been sentenced to three years in jail and a \$20,000 fine, should have his fine reduced

to \$10,000. Most of the court's opinion dealt with the question that has plagued the Abscam operation since it was first publicized: Did the government infringe on the due process rights of the defendants by, in effect, creating crimes?

The defendants' argued that the "elaborate contrivance of Abscam" took the government beyoud the legitimate role of investi-

gating a crime into the forbidden area of instigating a crime. The court found that although "the 'sting' was surely elaborate,

its essential characteristic was the

California Lawmakers Pass Bonds To Fund First U.S. 'Bullet Train'

No Link Seen in Killing, Donovan Case

Washington Post Service LOS ANGELES — The California Legislature has approved \$1.25 billion in tax-exempt bonds to finance the first 160-mph "bullet train" in the United States. It would cut the two-and-ahalf-hour drive from Los Angeles to San Diego to a 59-minute

Scheduled to go into full service in 1988, the bullet train, traveling 160 miles (256 kilometers) an hour, would run parallel to the interstate highway linking the two cities for 125 miles. The fare would be more than the current \$16 rail ticket and less than the

\$40 cost of a plane ticket. The feasibility of the \$2-billion project depends heavily on the marketability of the newly authorized bonds. The bullet train plan, a favorite of Gov. Edmund G. Brown Jr., was grafted onto legislation two weeks ago, skirted the usual committee reviews and public hearings and passed both houses with sizable majorities.

"Until two weeks ago all I knew about bullet trains was what I

read in the Orange County edition of the L.A. Times," said Michael Gagan, chief deputy state treasurer, whose office must decide if the bonds are marketable. Lawrence Gilson, Amtrak vice president for corporate develop-

ment and also president of the company that plans to build the bullet train, said he hopes to make a test run on a short section of the route by 1985 and offer 50 round trips a day by 1988. He said Amtrak's two-year study of the proposal indicated that it would improve the environment by diverting 30,000 people a day from auto traffic to rail.



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A Chance for Peace

From THE NEW YORK TIMES

President Ronald Reagan's shrewdly cast peace plan for the Middle East is written in Lebanese, Palestinian, Syrian and Israeli blood. All who welcome last week's dispersal of the PLO and the new Reagan approach to a West Bank deal had best begin by acknowl-edging the debt to Prime Minister Menachem Begin's bold and cruel march to Beirut.

Where there is no peace, even peacemaking turns on war. If you cheered President Anwar Sadat's visit to Jerusalem and his embrace of President Jimmy Carter and Mr. Begin at Camp David, you were approving a course that began with his pre-emptive Yom Kippur attack. If you marvel at the blooming desert in Israel, bear in mind that it is indelibly stained. Or, if you argued for the legitimacy of Yasser Arafat's headquarters in Beirut, know that you were also legitimizing his bunkers under playgrounds and anti-aircraft guns atop hospitals.

The point is that ending such a bitter con-flict is not just a matter of semantic agility or shuttle diplomacy. To scorn the president's bid for accommodation, or to spoil it with excessive demands, is not only to waste this summer's sacrifice. It is to guarantee more vicious battle in the years ahead

President Reagan pretends to cool mastery of the situation from his first days in office. But until last week, he had no policy. He wasted a year currying favor in Saudi Arabia and neglecting the Arab-Israeli tensions for a distant Soviet threat. He alternated flattery and punishment of the Begin government without clearly distinguishing mutual interests from important disagreements.

The war in Lebanon dramatized the confusion: Mr. Reagan was unhappy with the attack, but not so unhappy that he did not recognize its potential benefit. The Israeli victory and Arab (and Soviet) helplessness recon-firmed the Sadat vision: America holds the key to both Arab and Israeli interests; they are best realized when tailored to America's interests and to Israel's derivative power.

It is the custom of diplomacy to disguise It is the custom of diplomacy to disguise this truth of force, but Americans should not again lose sight of the obligations thus incurred. Henry Kissinger grasped this brilliantly in the Nixon and Ford years; Mr. Carter triumphantly applied the lesson. Finally Mr. Reagan has absorbed it, too.

Never mind the dealers. The president and

Secretary of State George Shultz are now working to persuade Saudi Arabia, Jordan, Egypt and Palestinians who will listen that the PLO's rejection of Israel and reliance on terror are at a bloody dead end. Such extremists must no longer be held out by the Arab League as the "sole" negotiators for Palestinian rights. Israel will not be defeated. To be-

come accommodating it must have peace.

If the Arab leaders gathering in Morocco
Monday draw the proper conclusion from
Lebanon, they will not just pick over Mr. Reagan's proposals to find a favorable tilt or two. They will echo Sadat's cry of "no more war" and offer Israel firm security guarantees in exchange for an unthreatening Palestinian domain in the West Bank and Gaza.

Only then will the true spirit of Israel be revealed. The Israelis who marched into Lebanon have never heard the word peace except from Egypt. They know only that without peace, war decides all. Yet Israel yearns for peace. It will not long be governed by anyone who ignores that yearning or fails to recognize that Israel's first line of security passes through Washington. If Mr. Reagan persists and moderate Arabs accept his path to the table, the Israelis will be there.

Israel's Debate

From THE WASHINGTON POST

The best that could have happened to President Ronald Reagan's Mideast plan is that the people most concerned would look at it hard, and that is happening. The new propos-als are being sympathetically if cautiously inspected in wide parts of the Arab world, though not, of course, by the self-styled Rejectionists. If things go well, the forthcoming Arab summit will consider the Reagan plan — and split on it. It is on Israel, however, that special attention is focused, not simply because Israel is a democracy where the poli-cy process is conducted in the open but because Israel is where the plan will stand or fall. If Israel, after studying and debating it, finally says no, the plan is dead. The United States cannot shove it down Israel's throat if

the Israelis conclude they will have none of it. This is the light in which to weigh the Isracli reaction. The ruling coalition led by Menachem Begin quickly and predictably set its teeth against the Reagan initiative. But the largest party, the Labor opposition, which governed from 1948 to 1977 and now holds 50 of the 120 Knesset seats, pronounced the plan "a basis for serious dialogue" and called for an immediate parliamentary debate on it.

Such a debate is the only conceivable way Israel can equip itself to deal with change, and it is a major achievement of the Reagan address to provoke it. It is no surprise to find Labor leader Shimon Peres seizing the issue. The American proposals offer a responsible alternative to the Begin policies, and they are grist for the mill of a responsible opposition party, especially one like Labor that believes strongly that the Likud coalition has weakened one of Israel's basic security supports, the American connection. Moreover, the American proposals are consistent with Labor's longstanding disposition to trade off territory in the West Bank for peace, to consider partitioning the West Bank with an Arab negotiating partner, and to regard Jor-

dan in the first instance as that partner. A great strength of the Reagan approach is that it not only serves, we believe, Israel's vi-

tal security and political interests. The proposal also plugs into a point of view that is already held by a major Israeli party and and that many other Israeli citizens could con-

ceivably come to as well. In the coming Knesset debate, much will no doubt be said about the fidelity of Mr. Reagan's proposals to the Camp David text. This goes to the crucial larger question of whether and how Israel can count on the United States as times and circumstances change. A range of scenarios will certainly be examined, including the terrible vision projected in the Begin cabinet's first rebuff to Mr. Reagan: "Were the American plan to be implemented, there would be nothing to prevent King Hussein from inviting his newfound friend, Yasser Arafat, to come to Nablus [in the West Bank] and hand the rule over to him. Thus would come into being a Palestinian state which would conclude a pact with Soviet Russia and arm itself ... and after a while, launch an onslaught against Israel to destroy her."

From a distance, it is very easy to joust with Mr. Begin and to dispose intellectually of such unlikely dragons. On the ground, Mr. Peres and his colleagues have a far more difficult task. Almost every Israeli shares, to one degree or another, the doubts dramatized by Begin. To avoid being paralyzed by them, people like Mr. Peres must exhibit great political skill and courage.

They must also have outside support. That means a sympathetic attitude to Israel's travail on the part of Americans. Much of this is foreshadowed by Mr. Reagan's emphasis on persuading Israel rather than imposing an arbitrary American-made solution on it, on the centrality of Israeli security among American concerns, on unequivocal accentance of Israel by all Arabs and on direct negotiations as the sole method of diplomatic progress. It also means a forthcoming response to the Reagan plan by the Arabs, including Palestinians, with whom Mr. Reagan is asking Israelis to share a common fate.

Other Editorial Opinion

Reaction to Poland

The Polish regime's severe reaction to last week's demonstrations is only the latest evidence of the gravity of Poland's crisis. The crisis did not begin with the imposition of martial law, nor with Solidarity's birth two years ago. It began when Poland's Communists, relying in the last resort on the Soviet Army, imposed Stalin's version of Communism on an unenthusiastic Polish people. Since then no Polish government has acquired the legitimacy that only sustained popular support can give.

— The Observer (London).

On World Finances

Finance ministers are always said to be meeting "against the backdrop of the worst economic crisis for years," but this week's annual meeting of the International Monetary

Fund has had more than the ordinary gloomy military buildup. In the words of Mr. Denis Healey (deputy leader of the British opposition Labor Party), no stranger to crisis meetings, it is "the last chance to save the world from a catastrophe even greater than the slump of the Thirties."

Is it as bad as that? It could be, if there is a defaulter - and we should not forget that most of Latin America defaulted in the 1930s and a chain reaction in the banks ensues. - The Telegraph (London).

The finance ministers and central bankers in Toronto could do worse than ask them-selves whether their left hands — the ones that are constructing safety nets for countries in financial difficulty as a result of the recession - know what their right hands - the ones administering chronic doses of deflationary medicine - are doing.

- The Observer (London).

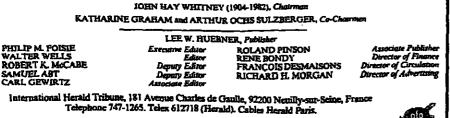
SEPT. 6: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Dutch Labor Unrest

ANTWERP, Holland - The Shipping Federation again decided to reject all proposi-tions for negotiations with strikers. The conflagration in the docks has consumed 5 million francs worth of lumber and the docks have been cut off from the city, telegraph and telephone wires having meited by the heat. The indignation of the community is aroused against the municipality as the destruction might have been avoided if the troops had been called out when the first attack was made on the strike-breakers. The fact that the conflagration is known to be due to incendiarism will cause trouble in the lumber trade. The city will probably demand proofs of incendiarism before paying liabilities.

1932: New Nazi Uniforms

BERLIN - Four hundred thousand members of Adolf Hitler's Nazi "army" are estimated to be in possession of new Brownshirt uniforms at a cost believed to amount to about 15 million marks (\$3.75 million). The uniform consists of brown shirts, brown breeches, riding boots, a Sam Browne belt, a brown cap, and perhaps most important of all, a bassard of red cloth bearing the Nazi "swastika" emblem. The German government has denied having made any contribu-tion toward the cost of clothing the Nazis. and, as far as can be ascertained, no subsidies have been granted from official sources. Whenever possible, the "storm trooper" called upon to buy his own uniform.



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A New Way for U.S. To Deal With Castro

By Wayne Smith

WASHINGTON — Cuba continues to have much the same effect on U.S. administrations that the full moon reputedly had on werewolves. Perhaps there is no sprouting of hair, but a certain frothing at the mouth and loss of rationali-ty are notable. Indeed, Cuba is such an emotional issue that clear and objective analysis is extremely rare. The Reagan administration follows the

Certainly there is nothing new in the Reagan administration's ap-proach to Cuba. On the contrary, it seems determined to make past mis-takes all over again. It came to office striking fierce postures and warning that no option was excluded, not even blockade or invasion. In expecting Fidel Castro to be cowed, the admin istration displayed an abysmal insen-

istration displayed an advismal insen-sitivity to history.

For 20 years, Mr. Castro has suc-cessfully defied U.S.-sponsored inva-sion, assassination attempts, clandes-tine CIA radio stations and efforts at

destabilization. The administration's posturing simply implies more of the same. There is no reason to believe such tactics will work any better now

than in the past. To be sure, as the administration came to office, it faced serious problems in Central America that in-volved the Cubans. Firm but careful admonitions aimed at pointing the Cubans, the Sandinists and others in the direction of real negotiations and peaceful solutions would have made

good sense. Demonstrably, however, that was not the administration's purpose. Having blown the situation out of all proportion by describing it as a major East-West test of wills, it was determined to demonstrate in no uncertain terms that it could "stop communism in its tracks." It wanted confronta-tion, not negotiations.

In early 1981 the administration acknowledged that Nicaraguan sup-port for the guerrillas in El Salvador had been drastically reduced [as, in fact, had Cuba's]. Clearly, Nicaragu-ans' accommodation of U.S. concerns meant that they valued a continuing relationship with the United States, thus giving the United States useful

thus giving the United States useful negotiating leverage.

Rather than using such leverage to good advantage, the United States threw it away. The Sandinists had acceded to U.S. demands, at least in part, but the United States cut off economic assistance anyway. It abandanced discharges in force of conference of the states of the sandance of the s doned diplomacy in favor of confron-tation and clandestine destabilization programs. The democratic opposition in Nicaragua told Washington that such a course would simply make matters worse. It did.

The United States also rebuffed Cuban overtures. The administration was not even willing to sit down to discuss an issue of such keen interest to the United States as the return of criminals and others ineligible for entry dumped on the country during the Mariel sea-lift. The Cubans suggested discussions. The United States turned them down.

The only tentative U.S. nod in the direction of dialogue came with Alexander M. Haig Jr.'s meeting with Carlos Rafael Rodriguez, vice president of Cuba, in Mexico last December. and Mr. Castro's meeting with Gen. Vernon Walters in Havana last March. But these were only preliminary contacts made for the purpose of reiterating Washington's position
— and, apparently, of turning aside pressures for serious negotiations. Neither meeting changed the equation in the slightest.

Having thus turned its back on diplomacy, and with very little in the way of leverage to exert against Havana - little, that is, that it has not already tried — the United States is left in the same blind alley it has been in for 20 years.

If future U.S. policies are to have more success than those of the past, the United States must overcome emotionalism. U.S. policy must be geared to clear, realistic objectives and must result from careful thought, not knee-jerk reactions. For example, duce Soviet influence in Cuba. Yet, confrontation works directly against that goal. Mr. Castro cannot loosen his relationship with Moscow so lone as he is threatened by Washington.

The United States' best hope of moderating Cuban foreign policy is in demonstrating over a period of time that compromise is in Havana's interest. In the final analysis, serious negotiations and a process of gradual engagement are the only sensible options open to both countries. Neither the historical record nor an objective analysis of the existing situation sug-gests that this is impractical. Indeed, gradual engagement is the one approach that has never been given a fair chance

The United States cannot however. expect miracles. Mr. Castro is a convinced revolutionary and many of his objectives are antithetical to those of the United States. Relations are likely to remain adversarial for a long time to come. But the areas of conflict could be reduced and a more satisfactory relationship gradually worked out. It is not impossible to deal with Castro. Sooner or later, Washington must do so, not because it likes him but in order to advance U.S. goals and interests.

What Is Israel's Next Move?

sink even further, and the patient

Russian bear will find means to re-

Mr. Reagan also has taken a great risk with U.S. credibility in Israel; if

his proposal fails, it would be some

time before he or a successor could

reach into the diplomatic bag of tricks for another approach.

The president in fact has limited

tools at his disposal. The threat-of re-

ducing military or economic aid to an

uncooperative Israel is not one of

them. Gaining Israel's trust in Ameri-

ca's commitment to its secure future

is basic to any peacemaking, and as a nation embattled for so long, Israel can be forgiven if it studies the fine

print. Nor, despite the president's call

for participation in the peace process by Jordan and the Palestinians, is it

by Jordan and the rausumann likely that another Anwar Sadat will

suddenly emerge in the Arab world

and trek to Jerusalem in recognition

of Israel's right to exist.

coup its recent losses over Lebanon.

• U.S. Credibility Will Be Key Factor in Decision

By Robert E. Hunter

WASHINGTON — Lest we be-lieve in the fading of presiden-tial authority, last Wednesday Ronald Reagan showed that it still counts. The subject: Arab-Israeli peacemaking; the upshot: a bold new approach for the United States to try cutting the Gordian knot of the Palestinian problem.

The striking point about the president's speech is what it did not do: It did not break any new ground in sub-stance. It did not technically violate a single clause of the Camp David accords, the ruling text for negotiations on autonomy for the inhabitants of the West Bank and Gaza. The lawyers clearly did their work.

Opposing new Israeli settlements on the West Bank, for example, has been consistent U.S. policy since Camp David itself. Indeed, there was a two-year running battle between former President Jimmy Carter and Prime Minister Menachem Begin with the former claiming Israeli agreement to suspend settlement building until the autonomy talks were completed, and the latter claiming that suspension was to be for only three months.

On Israeli withdrawal from the West Bank and Gaza, various U.S. administrations have followed the line that some movement back toward the 1967 borders in exchange for peace is implicit in UN Resolution 242, though Washington has not lately repeated this interpretation. Mr. Reagan's assertion that the "final status of Jerusalem should be decided through negotiations" has been U.S. policy for 35 years. And his declaration that autonomy for the West Bank and Gaza should eventually lead to their association with Jordan has been the clear U.S. preference all along, though it has not been shouted from the rooftops.

So why all the fuss? Quite simply, it matters in diplomacy when the president of the United States puts all the pieces together, ties them up in a theme and commits the prestige of his office and his country. And he times his bombshell when the world's eyes are riveted on the matter at hand. Nobody can be indifferent to that combination.

In formally rejecting the Reagan plan, the Begin cabinet's reaction was instant and predictable. What will re-ally matter is the considered Israeli reaction, as well as that of moderate Arab states, in terms of possible opportunities to break the logiams that have long stood in the way of everyone's interests.

President Reagan has undertaken an immense gamble. If he now fails to follow through to a success that can be blessed on all sides - and the difficulties and pressures will be equal to anything he has yet faced — then U.S. credibility in the Arab world, already on the decline, will

It is also doubtful that the Reagan administration is gambling on a change in government in Israel, bringing back to power a Labor government whose own positions over the years on the disposition and se-curity of the West Bank and Gaza do not differ all that markedly from what the president said Wednesday

If anything, a sense of being let down by their only real friend in the world will lead most Israelis to rally around Mr. Begin, at least for now. However, the administration is gambling that it will succeed in stimulating a real debate in Israel, especially with the changed circumstances for Israel's security after Lebanon.

What Mr. Reagan is left with is his office's power of moral persuasion — especially to foster Israeli debate and the hope that Saudi Arabia and others will give him a chance. He has, in fact, signaled one other departure

from past practice: that the United States will be a more active agent in the autonomy talks than before. The real test, therefore, will come

in the president's efforts to translate his speech into action. First of all, he will need to appoint a senior negotiator for the autonomy talks. Or he will need to throw Secretary of State George P. Shultz into the breach.

Credibility is the bottom line in the Middle East. The United States is a bit better off today in the moderate Arab world, though skepticism still abounds. Meanwhile, regaining Israel's trust that the Reagan administration is fully committed to goals that are deeply etched with Israeli requirements will demand skills worthy of this or any other president.

The writer, a senior fellow at the Georgetown University Center for Strategic and International Stu-contributed this commentary to the

Begin May Score Victory by Forfeit

By William Safire

WASHINGTON — On the day before George P. W Shultz was confirmed as secretary of state, President Ronald Reagan told him, "Put a Mideast plan on the

The hurriedly announced result is presented as even-handed. The plan totes up the desires of the U.S. ally and its enemy and purports to split the difference. Contrary to the Camp David agreements, the United States has told Israel to "freeze" the settlement of the

West Bank territory recovered after the 1967 Jordanian ounced its opposition to any future claim of Israeli sovereignty of that land. That blatant double-cross deserves to be rejected.

The United States will not help the PLO snatch political victory from military defeat with support for an offi-

cially proclaimed independent state on the disputed territory. But mild Arab disappointment at this must be assuaged by a U.S. interpretation of "autonomy" to mean authority over land as well as inhabitants, which tips the apparent compromise in the Arabs' favor.

No wonder the Israelis are upset. At enormous cost in

lives and in underdog status, they finally defeated and dispersed their sworn enemy. At last they won the prospect of dealing with Palestinians in the West Bank who are no longer likely to be murdered for the crime of trying to make peace and negotiate autonomy. Then along come the Americans with a plan that — if accepted by the PLO — not only denies Israel the fruits of victory but implants a soon-to-be-independent state within artillery range of Tel Aviv. Israel had a right to expect more from an ally.

The Reagan plan cannot be described as an outright sellout, similar to last month's squeeze on Taiwan. U.S. preference for a West Bank association with Jordan is longstanding, and the United States' position on Jerusalem — unified, with Moslem access to holy places to be negotiated, as one of the plan's authors expla to me — is consistent with earlier pledges to Israeli leaders. It is nice to know the Reagan administration approves of the right of Israelis to live anywhere, and the president's personal pledge of absolute commitment to Israel's security is no doubt sincere.

By spreading his cards on the table, Mr. Shultz is hoping to keep Israel and Egypt there while attracting a fourth player, Jordan, to speak for the Palestinian Arabs. He will try to use U.S. ambassadors in the field to do the negotiating at first - harkening back to a previous diplomatic era — and will probably trot out Philip C. Habib again toward the end.

Will the card display work? Many Israelis hope it will not. Some will urge annexation of the West Bank now; others will sit tight at the table and put their trust in the

I think Israel should contain its anger, register its detailed objections to the plan and announce its intention to attend the autonomy talks. If King Hussein is not there in person when Mr. Begin shows up, the Israelis should end their participation and proceed to negotiate autonomy directly with local Palestinian leaders in the West Bank. The negotiating train is leaving the station; this is the last call. Nor should Israel be shy about rejecting the most egre-

gious of the proposals and making its case in the United

States for a return to the Camp David accords. In the last week, the Reagan administration has shown a willingness to react with a gentle wrist slap to European allies who defy American policies; William Clark's frantic leaking of gas pipeline weakness sends a clear signal to Israel that opposition to U.S. policy carries no serious penalties. For supporters of Israel, the Reagan plan may turn out to be a blessing in disguise. If the Arab world does not seize it, the Israelis will have every reason to go it alone

on autonomy or annexation. If the Arabs authorize King Hussein to sit down with Mr. Begin, that is a useful act in itself and the Israelis will surely not accept all suggestions from third parties.

Even with the negotiating deck now obviously stacked against them, the Israelis should now say, "Deal the cards." They know how to protect their security interests. And based on the negotiating record of its opponents, Israel may yet win in a forfeit.

The New York Times.

Why U.S. Allies Must Pay More for Own Defense

WASHINGTON — The United VV States bears too heavy a bur-den for the defense of its North Atlantic Treaty Organization allies and

The United States is wounding its economy by footing 53 percent of the total allied spending on defense. This spending loots the economy of capital that could and should be invested more wisely and humanely to put Americans back to work. It allows NATO and especially Japan to allo-cate larger shares of their resources to more efficient, productive uses and, in effect, bomb America's economy.
All of this is happening while some allies and Japan rig the rules of free and fair trade and export unemployment to the United States.
Unfortunately, the administration

suffers from numbel vision. It advocates spending on an elephantine military buildup when there is lacking a consensus on what constitutes effec-tive strategy militarily and diplomatically to deter Moscow.

What is disturbing is the failure of the Reagan administration to understand the attitudes of the leaders of the alliance. Leaders in Western Europe are

clearly less conservative and less fearful of the Soviet Union than is President Reagan. There is a shared mutual interest in deterring Moscow's adventurism but the leaders in Western Europe also prefer a strategy that combines political, economic and social relations with the Soviet Union. Thus in the absence of a cohesive American foreign policy the allies have little incentive - at least yet to agree to share defense spending more equitably. The unfortunate result is nothing but lip service to meetBy Dennis E. Eckart

The allies also remain essentially divided because of conflicting political, economic and social circum-stances, all of which the administration fails to address fully in its for-

eign policy.

It is foolhardy to try to argue that there is some magic mathematical formula for determining each na-tion's fair share of defense spending. Equity, however, was the overriding rinciple agreed to when the Unite States and the allies signed the North Atlantic Treaty in 1950. To achieve the common goal of building sufficient military strength to deter aggression against any member of the alliance, the allies were supposed to agree to distribute the burden "equi-tably among all the North Atlantic Treaty countries on a basis agreed to

multilaterally by them. All the statistics favor sending the allies and Japan a clear signal: The United States is tired of being ill-used. Consider that the United States spends 5.6 percent of its gross national product on defense while collec-tively the NATO allies average about 3.5 percent and Japan only I percent. Per capita the United States invests \$607 on defense. Compare that to NATO's collective average of \$434 and Japan's meager \$84, according to the latest figures available from the

Defense Department. The dilemma of fairly sharing defense costs is not entirely new. The Nixon and Ford administrations attempted to negotiate an allied commitment for more equitable sharing. in the costs of NATO's defense um-

allies to increase their defense spending by at least 3 percent annually in

A recent Pentagon report suggests that the allies are doing a reasonably good job of meeting the 3 percent commitment. Other Pentagon evidence of the property of the suggests that the allies are doing a reasonably good job of meeting the 3 percent commitment. dence, however, suggests otherwise, Only half have ever achieved the 3 percent commitment in any single year, and collectively the allies this year are likely to increase their real defense spending by 2.1 percent.
Clearly, it is time to hold the allies' feet to the fire. It is also time to hold

the Reagan administration accountable for failing to exercise coherent and steadfast leadership, which coincidentally is precisely what Secretary of Defense Caspar W. Weinberger says is critical to keeping the alliance effective deterrent against the Soviet Union.

America's commitment to Western Europe after World War II was important to restore the ailies' econoies. They were too weak militarily and economically to guarantee their own security. But by the time President Dwight D. Eisenhower left the White House, he believed a reduction of U.S. strength in Western Europe should be imitiated "as soon as the European economies were restored."

That has happened. The allies and Japan are capable of paying their fair share for defense. It is now the economy of the United States that is in ruins and is in need of a helping hand. The time has arrived for the allies and Japan to assume an equitable share of defense brella. Finally, in 1977, the Carter adspending. America's tampayers favor

a fairer price. They can no longer be the sugar daddy.

The writer is a Democrat from Ohio in the U.S. House of Representatives. He contributed this commentary to The New York Times

The author was chief of the U.S. dip-lomatic mission in Havana from 1979 until his recent retirement. He is now a senior associate at the Carnegie Endowment for International Peace. This article was adapted for The New York Times from the fall issue of the journal Foreign Policy.

LETTERS TO THE EDITOR

Russian Labor

Regarding "Pipeline Labor" (Let-ters, IHT, Aug. 27): David Marsand writes of "the price Russian prisoners are paying in blood to supply us with cheaper fuel." Let me point out that the evidence we have seems to suggest the greatest preponderance of the prisoners up in Gulag land are not Russians, but members of the minority nations on Russia's periphery, like the Ukraine, and the Baltic lands.

These smaller, weaker nations, have been coerced into the Russian Empire by what can only be de-scribed as "tank diplomacy." The la-bor-power of their peoples, and their enormous raw material resources, has helped build Russia into a great power. Russia has also captured their populations as closed, protected mar-kets for the purchase of Russian products. As we left-wingers say: No nation can be tree, if it oppres

other nations." Russia is not a Communist state, as you mistakenly call think. Rather, it is a great fascist, imperialist power. which pushes Great Russian nationalism up the noses of the nations on her periphery - if they submit to it. However, I don't think you lot at credibility to denounce the Russians for their blatant inhumanity to minority nations. After all, you never seem to denounce the United States when its right-wing allies - armed to the teeth by the United States — carry out very similar barbarities in Latin America, Africa, or South East

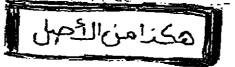
H.C. MULLIN,

On Diplomacy

Regarding "U.S. Willing to Lif Pipeline Sanction" (IHT, Aug. 28-29) We are looking for creative diplomary, said one White House aide. Doe s imply the existence of uncreativ. diplomacy and/or noncreative diplomacy? Perhaps William Salire ca

SEYMOUR M. LANDSMAN, Paris

Letters intended for publication should be addressed to the edite. and contain the writer's signatures receive priority, and letters may abridged. We cannot acknowled all letters, but we value the view of the readers who submit them.



New French Budget, in a Change of Priority, Trims Commitment to Military PARIS - The French government has made an important modification in its priorities, scaling down, for the time being at least its strong, aggressively stated ini-tial commitment to increased mili-

tary spending. The outlines of the projected 1983 budget, published last week, show that military expenditure will grow at a slower rate than overall spending, and that new outlays for rement of military equipmeni will stagnate.

Although Laurent Fabius, the budget minister, did not point it out, and the French press has ignoted the matter, the amounts provided for arms spending specifical-

Mauroy to expand the size of the volved important aspects of intermilitary sector in 1983 in relation to the gross national product,

According to an official, the De-fense Ministry budget presented to the public has been fleshed out by including pension payments in it. In the ambitious current budget, these funds were not military expenditures and were handled by the Finance Ministry, the official

Throughout its first year in pow er, the Socialist government has been particularly keen on stressing its commitment to a strong military. This position not only corresponded to President François Mitterrand's view on Soviet behav-

ly fail to meet a public commit-ment by Prime Minister Pierre forces in Europe, but it also innal politics.

> Signal to Officers Increased military spending was frequently portrayed as a way to help "defeat unemployment," according to an official Defense Ministry publication. At the same time, it meant silencing any oppo-sition forces looking for ways to suggest that the government of Socialists and Communists was not sionately involved in protecting French independence. The military effort had, in addition, the value of

being the signal to the French offi-

cer corps that socialism had nothing to do with the dismantling of

the military establishment.

sectors — the others are agricul-ture, the environment and veterans' affairs - that show a rate of growth lower than the overall average of 11.8 percent.

In nominal terms, the 1983 mili-

tary budget that will be presented

pull its weight as an alliance mem-

ber outside the NATO military

In the new national budget,

which reflects a retreat from the

government's attempt to drown recession with public spending, the

military is one of the few major

For allies of France, particularly to the National Assembly for de-bate United States, a large budget bate calls for 158.8 billion francs, the United States, a large budget or \$22.9 billion, an increase of 10 in 1982, the most ambitious in the Atlantic alliance outside of Washpercent. The nominal rate of increase last year was 17.6 percent. ington, suggested that Mr. Mitterrand's France would more than

Equipment Procurement

If the insertion of pension payments is taken into consideration, the official said, the military budget grows nominally by only 8.44 percent. Since the government is projecting an inflation rate of 8.3 percent for the coming year, and costs of military procurement usually increase by 1 to 1.5 percent more than in the rest of the economy, the allocations outlined in the budget signify marginal or no real

Procurement of military equip-nent, an area roughly covered in the budget under the heading of "program authorizations," is to increase by 8.3 percent. The rate for the current budget was 12.3 percent. Most estimates place French inflation at about 12 percent or more for 1982.

The big increases in military spending in 1982 made it possible for France to remark rather contemptuously about the size of the arms budgets of some of its Euro-pean neighbors, notably West Germany, where there is stagnation in military spending.

In a speech last November, Defense Minister Charles Hernu said of military spending: "The prime minister has now decided that the

percentage should increase to at least 3.94 of the gross national product in 1983. In this respect, the action of the French government is in contrast with the difficulties that various European countries have encountered." He added, with evidence of satisfaction, "It is true that the latter are affected by a wave of militant pacilism."

The new budget removes Mr. Maurov's commitment to 3.94 percent of the gross national product next year. The figure will be 3.895 percent, or exactly the same as the current total. This percentage, according to Defense Ministry reckoning, is ahead of West Germany, but behind the French perform-ance in the last year of the presi-dency of Valery Giscard d'Estaing.

Mr. Mitterrand's predecessor. The official who provided information about the military budget said that the narrowing in the budget had to do with the devaluation of the franc and a general will to cut back on spending.

Research and Develop

He stressed that he believed that major research and development programs remained intact. The overall proportion of military al-lotments given to the French nuclear forces, he said, actually rose from 30 to 31 percent, and the budget statement itself mentions

ment of the ocean-going strategic force," which involves the construction of a sixth nuclear submarine and the new M-4 missile. Other development programs, which are said to be unaffected, involve a new air-to-ground missile. a program of mobile missiles and a

neutron weapon. If the pattern in France was similar to that of other countries where growth in military spending has been curtailed, then the places it will more likely show up are where economies in the use of fuel and equipment are significant, such as in training and field exer-

A Defense Ministry spokesman said he was unable to make any comment on the budget proposal until discussion began in the National Assembly. It seems likely that the opposition will try to seize on the slowdown as suggesting that the government is unable to keep to its stated goals.

The change in emphasis on the military, usually not a matter of in-tense public debate in France, may have an additional psychological impact because the government devised statistics last year to show that its policies meant new jobs. By its own count, the 1982 military budget means 1.661 new jobs created by the Defense Ministry. In 1983 the projected number is 670.

New Position Will Combat Italian Mafia

General's Assassination Stirs Anger at Funeral

By Henry Kamm New York Times Service

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ROME — The government of Prime Minister Grovanni Spadolini Sunday created a post of high commissioner for the light against organized crime.

deeting in emergency session. the cabinet named to the position the head of a secret police agency attached to the prime minister's office. The official Emanuele De Francesco, was simultaneously ap-pointed successor to General Carlo Alberto Dalia Chiesa as prefect, or regional governor of Palermo. General Dalla Chiesa and his

wife were murdered in Palermo Friday night. Gunmen in two cars and on a motorcycle ambushed the small private car that Mrs. Dalla Chiesa was driving.

Mr. Spadolini sent the general to Palermo in May with the special mission of combatting the Matia. He had previously gained a considerable reputation for his success in leading the battle against political

terrorism.

The announcement of the creation of the new office, which will have coordinating power over all organs of government in the struggle against the crime syndicates was made by Mr. Spadolini to a special session of the Senate.

The session was ordered Saturday. The Senate allowed Mr. Spadolini to leave for Palermo to attend the victims' funeral without replying to questions on the kill-

The funeral service became the scene of strong criticism against the government's inability to affirm its power against the Malia.

The tone was set by a daughter of the 62-year-old general's first marriage and by the father and sister of the 32-wear-old surface. murdered with him. The relatives accused the government of inability to protect the general and his

The archbishop of Palermo, Cardinal Salvatore Pappalardo, made charges of indecisive and weak action against the Mafia the



Margharita Dalla Chiesa at her father's coffin.

principal theme of his oration. Then, evidently emphasizing his criticism, he stepped from the pul-pit to greet President Sandro Pertini and pointedly ignored the prime minister and other cabinet members.

The president is considered above politics and has not been

The critical attitude toward Mr. Spadolini and his ministers was shared by the large crowd in the of it. Government members were insulted and some members of the

Sunday's national newspapers gave prominence to the expressions of rage, heightening the gov-

ernment's sense of urgency to calm the national mood.

Mr. Spadolini was unable to report success in the principal task, the hunt for the murderers.

According to police sources, no witnesses have come forward. This is viewed as a measure of the terror that the Malia exercises over the citizens of Palermo and other regions of Sicily. About 100 murders have been committed in the Siciliquare in front an capital this year; most are aseanester accounts and remain un-

> murdered in Palermo and surrounding regions. All the murders

Mining Pact With Europeans Lifts U.S. Hopes of Skirting Sea Treaty

By Thomas W. Lippman Washington Post Serv

WASHINGTON - The United States and three West European nations have signed an agreement on deep-sea mining claims that removes another potential irritant to the troubled Atlantic alliance and gives new hope to U.S. companies that the United States can circumvent the mining provisions of the Law of the Sea Treaty.

France, West Germany, Britain and the United States agreed to resolve through consultations any conflicting claims filed by seabed mining consortia under their existing laws and to consult each other before issuing any authorization for seabed mining operations.

In the interim agreement signed Thursday, the European nations reserved the right to ratify the Law of the Sea Treaty. The agreement permits exploratory work in progress to continue until the treaty takes effect and, as a senior administration official put it, allows the Europeans to "keep their options

The U.S. mining industry fears it will not be allowed access to the mineral riches on the ocean floor because the United States - alone among major industrial nations has announced its refusal to sign the treaty. Friday, the industry welcomed the new agreement as a possible breakthrough toward pacts that would circumvent the

"I think it's good news," said Charles Cook, vice president of the American Mining Congress. "It's significant that France, Britain and West Germany are in on this. They're the only ones besides us who have the wherewithal to do any actual mining, the ones who have the technology.

"With the treaty, the door was shut on us," said Conrad Welling, executive vice president of Ocean Minerals Co., an ocean-mining

Military Leader In Panama to Ouit

United Press International PANAMA CITY — The powerful head of Panama's National Guard, General Ruben Dario Paredes, has announced his intention to step down and return command of the armed forces to the

In a letter to President Ricardo de la Espriella and National Guard members. General Paredes said Saturday he would leave his post Saturday to comply with a constitutional dictate that gives the president control of the armed forces. Commanders in the armed forces, however, have initiated a campaign to fight the resignation.

Mr. de la Espriella is empowered by the constitution to lead the armed forces or choose a consortium consisting of Lockheed Corp., Standard Oil Co. of Indi-ana, Royal Dutch Shell and Royal Bos Kalis Westminster, a Dutch marine construction company.

"The only other recourse we have is through agreements with individual countries," he said.
"This is a step toward that."

But Lee Kimball, director of an independent group called Citizens for Ocean Law, who has closely monitored treaty developments, said, "You'll hear some people claim this is a breakthrough, but in no way does this indicate that Britain. France or Germany is going to back off from the treaty and join

The treaty, which was approved by a 130-4 vote in the United Nations in May, would give exclusive control of the vast deposits of minerals, including manganese, nickel and cobalt, on the ocean floor to international authority that would approve mining ventures, issue licenses, validate claims, set production limits and distribute profits among signatory nations.

The United States has said it

will not sign because the treaty's seabed mining provisions are irre-concilable with U.S. economic philosophy. If the other industrialized nations accept the international regulatory program, however, the United States faces the possibility of being frozen out of potentially lucrative and strategically vital

LOOK INTO SINGAPORE 1986

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2 Spanish Bishops to Meet Pope

MADRID — Two senior church officials left for the Vatican Sunday and well-informed church sources said they would suggest that Pope John Paul II postpone his visit to Spain in October to void a clash with a general elec-

Monsignors Gabino Diaz Merhan and Fernando Sebastian, president and secretary-general of the Spanish Episcopal Conference, said they would make no recommendation but would explain the situation and leave the decision to

At an emergency meeting Saturday, 31 Spanish bishops discussed the visit, Oct. 14-22, which would

Oct. 28. Church sources said a ma-jority of the bishops favored a postponement to early November so the visit would avoid political

The Socialist Party, favored by opinion polls to win the election, says a papal tour would favor conservative parties. Church leaders have deplored what they called the political exploitation of the visit.

The center-right government of Prime Minister Leopoldo Calvo Sotelo decided Saturday to recommend that the pope come as scheduled, an official spokesman said. Lieutenant Colonel Antonio Tejero Molina, the Civil Guard of-

coincide with the campaign for ficer who led an abortive coup last general elections, scheduled for year, launched an extreme rightist party from prison Sunday with a tape-recorded message to his supporters. Colonel Tejero is awaiting the result of an appeal of a 30-year

The organizers of the party, Spanish Solidarity, told supporters that Colonel Tejero would run for a Madrid seat in the general elections. But the government said it would not accept his resignation from the army, a prerequisite for standing for public office.

The legality of his candidacy is not clear. The government has asked the electoral commission to study the issue.

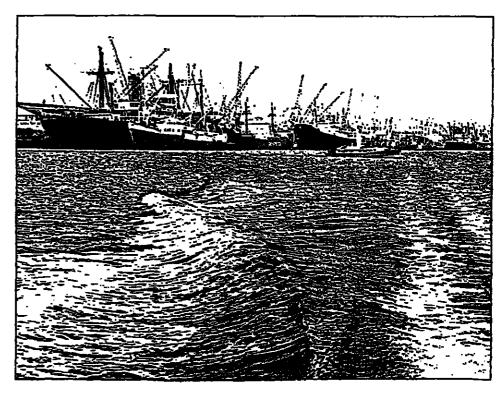
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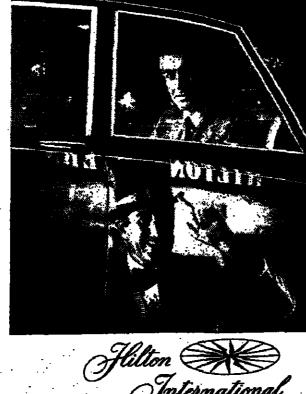
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López Portillo Gains **Working Class Cheers** For Decision on Banks

By Alan Riding

New York Times Service MEXICO CITY - President José López Portillo of Mexico. who just days ago appeared to have lost all power and popularity, stood on the balcony of the National Palace Friday and received the support of about 300,000 workers, farmers and civil servants for his decision to nationalize the country's private banks.

Looking out on waving flags and huge banners, he heard speeches eulogizing him as "the patriotic president" and compar-Mexico's newly nationalized banks are expected to lower inter-est rates Monday. Page 7.

ing him with the Lazaro Cardenas, who as president in 1938 ordered the expropriation of foreign oil companies. He then thanked the crowd for supporting "this pro-

foundly revolutionary measure."

The meeting in Mexico City's Zócalo, or central plaza, a traditional feature of the country's political ritual, also served to demonstrate the continuing strength of the Institutional Revolutionary Party's political machine at a time of widespread disillusionment with

the long-ruling system. Pro-government labor and farm movements brought groups of supporters from all over Mexico, and civil servants were given the morning free to ensure their presence. Cabinet members and the country's governors were present. Many leftists, forgetting their recent criti-cism of the administration, joined in the applause for the bank na-

The president's decision to decree such a dramatic reform just three months before leaving office

French Envoy to Israel

The Associated Press PARIS - France has named Jacques Dupont, 52, to replace Marc Bonnefous as ambassador to Israel, according to an official an-nouncement published Saturday.

MADRID - Shao Shao the pan-

da, the star of the Madrid 200, has

given birth to twins. It was the first

such birth outside of China and

one of the rarest in the annals of

Zoo officials said after the birth

Saturday that the mother and cubs

were doing exceptionally well. "The animals are in perfect health,

and we believe they can survive," a

the birth, Antonio Luis Garcia del

Campo and his wife, Liliana Mon-

salve, said it was too early to tell

Shao Shao, who is 7 years old and weighs 200 pounds (90 kilos),

is one of the few pandas born in

captivity. She and her mate, Chang

Chang, who was captured in the wild, were given to King Juan Car-

los when he visited China in 1978.

Relations between the pair have

never been passionate, and veteri-

narians believe Shao Shao's preg-nancy resulted from artificial in-

semination from the London Zoo's

Leftist Guerrillas in Iran

Claim to Have Killed 100

LONDON — The Iranian People's Mujahidin said Sunday its

guerrillas had killed more than 100 Revolutionary Guards in Tehran

The Paris office of the leftist underground movement said by tele-phone that the guerrillas had car-

ried out at least 15 attacks each

The veterinarians who attended

zoo spokesman said.

the sex of the babies.

Panda at Madrid Zoo

Gives Birth to Twins

has nevertheless polarized political feelings in the country.

It also served notice to President-elect Miguel de la Madrid, who is rumored to have opposed the move, that Mr. López Portillo intended to rule the country in fact as well as in name until Inauguration Day on Dec. 1.

The first major response from the private sector appeared Friday in the form of a full-page advertisement in the daily Excelsior. Signed by the Business Coordinating Council, the statement de-nounced the bank nationalization as "a definitive coup against private business activity and a clear sign of the country's entry into So-

"The expropriation was a totally unnecessary measure that will bring serious consequences for the economic life of the country," it said. "The government looked for someone to blame for a situation that is not the fault of the banks."

In his final State of the Union address Wednesday, Mr. Lopez Portillo justified the nationalization by holding the country's private banks responsible for the enormous flight of capital that has undermined the country's currency and thrown the economy into

But many Mexican analysts have interpreted it as an entirely political measure aimed at rescuing the president's image in the rspective of the history of the Mexican Revolution.

"It had all the trappings of an act of political despair," a Mexican journalist said. "In the short run, it was a brilliant stroke of demago-

much sense." Other analysts, including wellplaced officials, argued that while the nationalization was a demonstration of the power of the president and the state it would bring the country no closer to solving its economic crisis. "But in 50 years' time, López Portillo will be remembered only for what he did on Sept. 1," an official said. "And that's what he was thinking of."

The only previous recorded in-

stance of twins being born to a

panda in captivity was in China in

1978, also the product of artificial insemination. One of the cubs died

7 Previous Births

was reported in China in 1963. Be-

fore the Madrid births, seven cubs

had been born in captivity, of

only two pandas naturally conceived and born in captivity,

both to Ying Ying in Mexico City. A female cub, born in August

1980, was crushed to death by

Ying Ying after she became both-

ered by crowds. The second, a

male born 13 months ago, sur-

the London Zoo's Institute of

Zoology, who has been advising on

the handling of Shao Shao, said it was extremely tricky to mate pan-das because "they're almost de-signed not to reproduce. The

female goes on heat for only two

or three days a year. And very few

males show any inclination to mate. They just sit around eating

bamboo shoots a lot and that's

The birth of twins is a very rare

Madrid zoo officials said Shao

Shao appeared unfazed by all the fuss after the birth. But she reject-

ed the second cub, and when she

occurrence even in the wild, zoolo-

Prof. John Hearn, director of

which five survived, according to

There is documented proof of

The first panda born in captivity

after 120 days.

records in Peking.



President José López Portillo acknowledging applause at a rally supporting the bank takeover.

6 African States Reject Dock Strike Cuban Link to Namibia

LUSAKA — The leaders of the six so-called front-line states in southern Africa have rejected the idea of linking the withdrawal of Cuban troops from Angola to at-tempts to find a settlement for South-West Africa.

The leaders, who held a 4-hour summit meeting on Saturday, said that linkage would hinder the ne-gotiations on the territory, which would become independent with the name Namibia. They expressed full support for an agreement drawn up by Angola and Cuba in February, making clear that the presence of the troops was a bilateral matter.

The summit unequivocally emphasized the importance of separating the decolonization proess in Namibia with the existence guery, but it didn't really make of Cuban troops in Angola," a communiqué said.

The United States and South Africa have both said that the estimated 20,000 Cuban troops in Angola must leave as part of a peace settlement. Angola says the Cu-bans are there to protect the country from the threat of South African invasion and will leave only when the threat no longer exists. "The insistence on taking this is-

sue is against the letter and spirit

The second of twin pandas born to Shao Shao at the Madrid zoo.

was going to eat it." Mr. Garcia Shao Shao and her offspring del Campo said. The second cub is secluded from the public for at

being cared for in an incubator.

least four months. A sign outside the panda compound Saturday an-nounced the births and appealed

of United Nations Security Council resolution 435 and can only impede the process of negotia-tions. Such an insistence also constitutes an interference in the affairs of Angola," the communiqué

The leaders said a new element has been introduced by the United States which attempts to link the negotiations for the independence of Namibia with the withdrawal of Cuban forces from An-

They rejected any attempt "to ascribe responsibility to the people of Angola for the delay in the speedy conclusion of negotiations leading to the independence of

The communique also con-demned South African "aggression and invasion of Angola" and called on Pretoria to withdraw its forces from Angola.

The summit was attended by Presidents Kenneth Kaunda of Zambia, Quett K. Masire of Botswana, Julius K. Nyerere of Tanzania, José Eduardo dos Santos of Angola, Samora Machel of Mozambique, Prime Minister Robert Mugabe of Zimbabwe and Sam Nujoma, leader of the South-West Africa Peoples Organization.

Is Feared in South Africa

JOHANNESBURG — Nearly 400 black dockworkers in Port Elizabeth have been fired and are to be deported from South Africa in a move that labor leaders fear could provoke a national dock

The men were bused off the dockside after being dismissed Wednesday, the third day of a slowdown they had begun in an at-tempt to win recognition of their

Most of the men were recruited from the Transkei and the Ciskei, two of the so-called black homelands that South Africa has proclaimed constitutionally separate states. The government can deport the men summarily to these areas without bringing any charges in the courts.

A spokesman for South African Transport Services, the stateowned corporation that runs the country's railroads and harbors, said the men were to be paid off and then taken by bus and train to their homes. Those living in hostels owned by South African Transport were given notice to vacate the spokesman said.

David Lewis, leader of the General Workers' Union, which represents the workers, said the situation would be explosive if the men were deported. He said there could be strong pressure from other workers in the union for a national dock strike.

The General Workers' Union is recognized by the stevedoring companies in South Africa's four major ports — Durban, Cape Town, Port Elizabeth and East London — as representing black workers who load and unload ships. But South African Transport, which is responsible for the loading and unloading of railroad cars at quayside, refuses to recognize the union.

The recognition dispute has dragged on for almost a year. Black dockside railroad workers began a slowdown Monday in an elfort to put pressure on South African Transport.

Other employers in Port Elizabeth, notably the South African subsidiary of the Ford Motor Co., have publicly criticized South African Transport's refusal to deal with the General Workers' Union. Auto assembly is the main industry in the city, and the motor companies worry that a full-scale dock strike could not only interrupt supplies of imported components but could further damage industrial re-lations in Port Elizabeth, where there is already a strike in the auto

The buildup of race and labor tension in Port Elizabeth occurs only a few days before a delegation from the American Federation of Labor and Congress of Industrial Organizations is to arrive to study the South African labor situation. The U.S. organization has previously avoided visiting South Africa for political reasons.

Swiss Canton Endorses Mandatory Voting Law

SCHAFFHAUSEN, Switzerland - Voters in the northeast Swiss canton of Schaffhausen overwhelmingly endorsed Sunday a local law requiring them to par-ticipate in elections or pay a 3 franc (\$1.43) fine.

An initiative to abolish mandatory balloting was turned down by 18,849 votes to 10,758, about a 9to-5 margin, according to unoffi-cial returns. Schaffhausen is the last canton to require voter partici-

Pacemaker Companies, Physicians Accused of Defrauding Medicare

By Philip J. Hilts Washington Post Service

WASHINGTON - Kickbacks and price-boosting by manufactur-ers of heart pacemakers, as well as thousands of unnecessary opera-tions to implant the devices, may be costing the Medicare system as much as \$200 million a year, ac-cording to an investigation by the Health and Human Services De-

More than 130,000 pacemakers were implanted in Americans last year, and 80 percent of those procedures were paid for by Medicare. The investigation found that the Medicare system was being charged more than the catalog price for various makes and mod-els of pacemakers, and it uncovered kickback schemes that pay doctors up to \$200 each time they agree to implant a company's pa-

In addition, the department found, companies commonly give doctors gifts such as car leases, ski vacations, trips to Las Vegas and the option to buy stock in the prof-itable pacemaker companies at discounted prices.

Secretary Richard S. Schweiker, on the basis of his department's findings and those of several other investigations, has established a task force to recommend action against abuses in the use and sale of pacemakers.

The pacemaker is a two-ounce

device implanted on the chest, with small wires patched to the heart muscle, which emits electrical pulses to set the heart rate at a

steady, smooth pace. 17-Percent Overcharge As an example of abuses, the in-spector general's office at the defound that the price

charged to Medicare for the devic-

es was more than 17 percent higher

than the price for the same make and model listed in the federal supply catalog and sold to other vernment agencies Knocking out this price infla-tion alone would save \$64 million a year, Mr. Schweiker said. In an interview Saturday, he

said that his department has turned evidence of improper sales practices over to the FBI and that he could not discuss details of the investigation. But a department official said investigators had found that some

doctors get rebates of \$50 to \$200 for each pacemaker of the compa-ny brand that they implant, often on an escalating schedule that rais-es the payment as the number of implants goes up, with an addi-tional bonus if a quota is met by the end of the year.

Investigators also found that some doctors and pacemaker com-panies had formed "silent partnerships" or that doctors were paid for "consulting" jobs that involved little work. They were told by a former pacemaker company official: "Anything two intelligent people can work out is being

Questions have been raised in the past about the number of pa-cemaker implants being done in the United States. The number has doubled in the last seven years and is more than three times higher

than the average rate in other developed countries.

Mr. Schweiker referred to what he called a "very impressive" re-port, released earlier this year by the Public Citizen Health Research Group. The report found that nearly a quarter of all the pa-cemaker implants in Maryland hospitals in a recent two-year period were unnecessary and that 13 percent more were of questionable

medical value. The group estimated that 25,000 or more pacemakers are implanted needlessly every year. By the group's estimates, cutting back on unnecessary implants alone could save Medicare \$210 million annu-

Mr. Schweiker said the depart-ment might seek to lower the limit that Medicare will pay for pacemakers, to pay the amount in advance to hospitals so that there is no inflation in the cost, or to install some kind of review system to assure that pacemakers are implanted only when they are needed.

Sir Douglas Bader, Legless Pilot Who Became War Hero, Dies at 72

LONDON - Sir Douglas Bader, 72, the legless flying ace whose larger-than-life bravado helped make him Britain's most famous pilot in World War II, died early Sunday, apparently of a heart at-

Sir Douglas lost both legs in a flying accident in December 1931, but at the outbreak of war he talked his way back into the air force as the pilot of a Spitfire fighter. He destroyed an estimated 30 enemy planes, of which 22 were officially confirmed, and escaped four times as a prisoner of war.

In 1931, after his simplane crashed during an aerobatics display, a surgeon told him that both his mangled legs had been ampu-tated. Sir Douglas reportedly said: "That's all right, sir. I'll get some longer legs. I always wanted to be

The legs he received in fact made him slightly shorter. He had many falls and setbacks learning to walk again, but eventually he not only walked unsupported but also danced, swam, and played tennis, cricket and low-handicap

Eighteen months after the crash, he was invalided out of the British Air Force and went to work for an oil company. But when war broke out in 1939 he badgered air force

officials into letting him fly again. In a Spittire over the beaches in northern France he scored his first "kill," downing a Messerschmitt 109. He tried to jump from his Spitfire after a collision with a Messerschmitt that cut off the tail of his plane over France in 1941, but his right leg caught in the cock-pit. The Spitfire spiraled down from 23,000 feet (7,000 meters) to 4,000 feet before he could free his leg. He finally bailed out, then was

He escaped from his prison camp four times but was always caught, and his captors then took his legs away each night.



Sir Douglas Bader



Frederic Dannay

Sir Douglas was knighted in 1976 for his work for the handi-

Frederic Dannay Compiled by Our Staff From Dispatches NEW YORK - Frederic Dannay, 76, co-writer of the Ellery

Queen detective tales, died Friday after a brief illness. He had long had diabetes. Mr. Dannay's collaborator, his cousin Manfred B. Lee, died in 1971, and, in a sense, so did Ellery Queen with the publication of their last Queen novel, "A Fine and Private Place." Since then, Mr. Dannay had edited anthologies of detective stores and superintended

> tery Magazine, a monthly publication with a worldwide circulation. In 1928, Mr. Dannay, then an advertising copy writer and account executive, and Mr. Lee, a movie publicist, decided to enter a contest sponsored by McClure's Magazine to write a mystery novel. In their winning piece, "The Roman Hat Mystery," the name Ellery Queen was given to both au-

> thor and hero so that readers who

the editing of Ellery Queen's Mys-

forgot one might remember the At the time of Mr. Lee's death. they had produced more than 100 novels, anthologies and collections of Queen short stories, putting their total sales at about 100 million copies. There were movie scripts and an Ellery Queen radio series, and, in the 1970s, a television series. In 1941 they began publishing the magazine. Under seudonym Barnad'

they also wrote novels about the detective Drury Lane. For many years, their identities were kept secret. In 1932, when Oueen was invited to lecture on detective writing at a college, Mr. Lee arrived wearing a mask.

Rudolph J. Schaefer

NEW YORK (AP) — Rudolph J. Schaefer, 82, who built a family business into the United States' sixth largest brewery, the F.& M. Schaefer Brewing Co. of Brooklyn, died Thursday after a brief illness. Mr. Schaefer hat ratined in 1960. Mr. Schaefer had retired in 1969. Last August the Schaefer brewery was taken over by the Stroh Brewery of Detroit.

U.S. Rejecting Many Cambodians In Tightening of Rules on Refugees

KAMPUT CAMP, Thailand — Cambodian refugees at this camp in eastern Thailand are starting to receive what aid workers call "doom letters" — terse official notes telling the refugees that their applications to live in the United States have been rejected.

The Cambodians who received the letters last week were deeply disappointed. Most of them have been living in United Nations-run camps in Thailand for more than three years, and during that time, they have seen tens of thousands of their countrymen leave.

But in 1980, the U.S. Congress adopted the UN definition of a refugee as someone who can show "a well-founded fear of persecution on account of race, religion, nationality, or membership in a particular social group or political

Almost Half Rejected The U.S. Immigration and Na-

turalization Service recently began interviewing the 20,000 Cambodians in Kamput Camp to see who qualified for resettlement. About 1,800 people have been rejected, almost half of those interviewed so far, refugee officials said.

"The INS is applying the new guideline to the letter, and that means that many [Cambodians] do not fit the definition of a refugee," The INS contended that many

of the Cambodians here could go back to their homeland, occupied back to their nometand, occupied by Vietnamese troops who toppled the Khmer Rouge government in 1979, and were therefore merely "economic refugees" scheming to get into the United States, the offi-cial said.

But Cambodians in the camp said that it was impossible for them to go home.

"Anyone who fled from [Csmbodia] will be treated like a traitor if he goes back," said a young man who had just learned that he and his family had been rejected.

- PRIVATE PERSON

SELLS IN MILAN COITSTANDING

CASELA T. 241 S.P.I.

Under the new rules, refugee with the best chance of being ac-cepted by the United States are those having connections with the U.S.-backed governments in Indo-china before 1975, the year of the Communist Khmer Rouge takeover in Cambodia.

The INS most suspects refugees with family members already in the United States as trying to emigrate to avoid the economic hardships of Indochina, refugee offi-cials said. INS representatives have declined to comment on the agency's

work at the camp. Before the new guidelines were imposed, anyone from Indochina who had fled his homeland was

considered a refugee.

More than 385,000 Cambodians.

Laotians and Vietnamese have been resettled from Thai camps to

the West since 1975, the majorir to the United States, according UN figures.

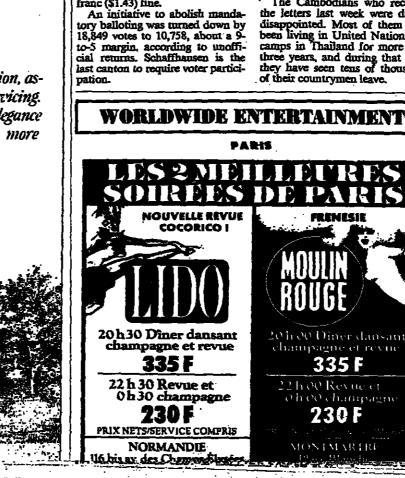
The letters to the newly rejecte Cambodians, signed by a U.S. Err. bassy official, conclude: "I urg you to seek resettlement in anoth-

A refugee official said, "Austr lia, Canada and France have a cepted some of those rejected the U.S., but their quotas are ne-ly full. If the U.S. rejection re-continues at this level there will many people left behind in Ka

Canadian Killed on Every

KATMANDU - A Canal climber was killed by an avalar-while trying to climb Mill Everest, the world's highest parties. The Nepalese Tourism Min said Saturday. George Criffit photographer with a 15-me







BUSINESS / FINANCE

NEW EUROBOND ISSUES

	1/2		Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
			Bankers Trust Overseas	\$200	1994	+ ¼	100	-	Over average of bid and offered rates for 3-month eurodollars.
			Bank of Tokyo	\$100	1989	13%	100	13%	Non-callable.
•			Cie Financiere de Parisbas	\$100	1989	13%	100	13%	First call at 1011/2 in 1987, then at 1001/2 in 1988.
		F		\$100	1987	131/4	99%	13.32	Non-callable.
300			Marketon Resident	\$100	1989	13%	100	13%	Non-callable.
			Market Fore Cal	\$50	1989	141/2	DOBT -		First coll at 1011/4 in 1986.
			Electricite de France	00 FMD	1992	8%	100	8%	
			Oesterreichische Kontrollbank	DM100	1989	8%	100	8%	First call at 100% in 1987.
	١.		Republic of Ireland	001mg	1987	91/2	100	91/2	Non-callable.
100			第一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个	ins(150)	1994	101/2	- open		

Interest-Rate Swaps Create Profit All Around

By Terry Gross al Herald Tribune

PARIS -- Interest-rate swaps may be the best thing to come along since P.T. Barnum. The big difference is that no one

is being suckered. All the shells in this game have peas under them. Everybody wins, nobody loses.
"That's true, really," said Joan
Beck, vice president of Morgan

Stanley International, which has arranged four public swaps and one private swap in about two months, including one last week for Bank of Tokyo. The Bank of Tokyo is ending up with floatingrate funding that is attractive, and

EUROBONDS

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anay's collaborate anired B. Lee, det in a sense, so did Buth the publication? Queen mode "A Fe e Place." Since fairly ad edited authorise acres and superiore points, a monthly pile is worldwide considered. With Damay, there is contive, and bit, lee acres and bit, lee acres and bit, lee

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the counterparty is profiting from the excellent name of the Bank of .Tokyo."

Specifically, Bank of Tokyo, a top-quality credit, issued a \$100million, seven-year Enrobond yielding 13% and priced at par. At the same time, a counterparty, whom Mr. Beck declined to name, arranged a loan for \$100 million at a floating rate, a certain, again un-specified, percentage above the ondon interbank offered rate, or Libor. The counterparty in a swap is generally one whose credit rating is somewhat below that of the fixed-rate borrower.

Morgan Stanley swapped the two borrowings so that Bank of Tokyo will pay Libor — which stood at 12% percent Friday for six-month money — for its funds and the counterparty will pay the fixed 13%-percent rate plus the margin over Libor that was ar-

ranged on its loan. The floating-rate borrower gets the security of a fixed rate over a long period, profiting from "the market appeal of the other party,"
Mr. Beck said. The fixed rate is less than the less-attractive borrower could have commanded on

A spokesman for S.G. Warburg & Co., which was in the lead man-agement group of the Bank of To-kyo Eurobond issue, said, "They

assume each other's liabilities." Speaking of swaps in general, another banker said: "The floating-rate side would have to have raised six Eurodollar issues to get the rate it is given in a swap. Also, what if 'X' wants to raise \$500 million, but the Euromarket can only

accommodate \$100 million?" The Euromarket readily accepts the fixed-rate bonds; the Bank of Tokyo issue was quoted Friday at a slight premium over par. The sser-quality borrower arranges the floating-rate side of the deal, which is in effect a syndicated loan and not subject to the vagaries of the primary and secondary Euro-

The counterparty's credit rating is not necessarily low. One banker suggested that such a company as Deutsche Bank, which was involved in a swap recently, was so highly rated that even a lesser triple-A credit could benefit from the floating-rate side of a swap with Deutsche.

"They get an even better rate be-cause of Deutsche Bank's name,"

The issuers of the fixed-rate Eurobonds involved in swaps generally have been banks. For example, the four public issues that Morgan Stanley has been involved with were done for Bank of Tokyo, Bank of Montreal, Nippon Bank and Girozentrale Vienna. (Morgan did not lead the Girozentrale issue, but was brought in as a co-manager because it found the swap part-

Banks are attracted to the swap because it means they can lock in funds for, say, seven years at Li-bor. They are then in a position to match these funds on their books with loans that are bringing in more than Libor.

"Il Libor goes up, that's fine," said Mr. Beck. "They have floating assets posted as well. There's nobody who is naked in these

Libor could thus go up as far as it wanted and Bank of Tokyo would know that it was paying Libor for funds and earning Libor-

plus on its loans. The borrowers are not the only

winners. The Eurobond managers and underwriters get the normal fees involved in the launching of an issue, and the bank that arranges the swap gets a fee. Mr. Beck, while declining to name the figure in the Bank of Tokyo arrangement, said fees vary from 1/4

percent to 1/2 percent. For that fee, the arranging bank takes the additional risk of guaranteeing that interest will be paid all around but does not take on any risk on principal repayment.

There was agreement that while it was "pretty good business," in the words of one banker, it could also involve quite a lot of work to find the floating-rate side of the

"These deals are hard to do and can take a lot of time," Mr. Beck said. "Sometimes you run out of time and work for the Eurobond

It was understood that Morgan Stanley won the mandate on the Bank of Tokyo bond issue because it found the swap partner. At least one other bank had been involved in looking for Bank of Tokyo's swap partner before Morgan Stan-ley came into the picture. While he did not know exactly how long the entire deal had taken to set up, Mr.

By Paul Lewis

New York Times Service

again come under heavy pressure

knowledged that it is once again

losing reserves at a dangerously

the third devaluation of the franc

since the Socialists came to power

bank Thursday night showed that it lost the equivalent of \$575 mil-

lion of foreign exchange reserves during the week ended Aug. 26, combating a speculative attack on

the franc sparked by rumors that

President François Mitterrand will soon withdraw the franc from En-

rope's fixed exchange rate mone-

tary system and let it float freely

As a result, France's foreign ex-change reserves are now falling at

approximately the same rate as they were during the weeks before the last franc devaluation, in June.

OSLO — Norway, in a bid to boost its exports and spur employment, will devalue its currency by 3 percent Monday, the second devaluation in a month, the government concerned Saturday.

The central bank made technical

adjustments to the basket of cur-

rencies used to determine the value

of the krone on Aug. 2, adding two currencies to the existing 12 and reducing the importance of the U.S. dollar. This resulted in an ef-

The government said Saturday that the August adjustments proved insufficient to boost ex-

ports. Finance Minister Rolf

Presthus said the devaluation was

part of other economic moves that

will be disclosed in next month's

Move Welcomed

Gro Harlem Brundtland, leader

of the opposition Labor Party, wel-comed the devaluation as a means

United Press International re-

ported that August figures showed

44,000 Norwegians out of work,

the highest number since World

Tor Halvorson, a trade union lead-

er, said that the move was positive

but that he regretted the govern-

ment had not also taken steps to

forestall the price rises that often

He and Mrs. Brundtland both

follow a currency devaluation.

of curbing memployment.

fective devaluation of 3 percent.

ment announced Saturday.

against other currencies.

Figures issued by the central

15 months ago.

on foreign exchange markets.

PARIS - The French franc has

The Bank of France has ac-

Beck said that it was "at least a couple of weeks."

"Some deals get done in three or four days," he said. "Others take a number of weeks."

Also earning additional fees for the additional work involved in a swap are the lawyers. One Euromarket lawyer who has dealt with swaps said that while "the ideas are not complicated in themselves, it is a continual headache getting everybody in the right place at the right time, that is, able to commit

He said that once the bond issue is announced, there is a definite countdown. "The bond issuer doesn't want to close until he knows he has the counterparty on the hook," the lawyer said. "But he has to close on a certain date. The counterparty may have no particular incentive to muck up his corporate schedule" to fit into someone else's timetable.

The last element in any capital market equation is the final investor. One question that arises is whether the investor faces any additional risk when his bond is involved in a swap.

The Warburg spokesman said that for the investor "there is no

amounts of gold as well as sub-stantial borrowing rights from other central banks and the Inter-

national Monetary Fund in Wash-

est bout of weakness to four fac-

with record deficits in June and

rebuild its foreign exchange reserves, which are still a quarter

lower than when it took office de-

spite two exchange rate adjust-ments that should have raised ex-

port earnings while slowing im-

Doubts about the Socialists'

ability to carry out a tough budget strategy, introduced last week,

which was intended to restore con-

· Nervousness that the French

finance minister, Jacques Delors,

may take advantage of this week's

IMF meeting to negotiate a new

devaluation of the franc with other finance ministers in Toronto.

inflation if proper measures were

was 6.6450 to the dollar. No new

rates were announced, but unoffi-cial calculations put the krone at

An export council spokesman said a 3 percent devaluation was

insufficient to boost exports and urged additional government mea-

2.6985 4.48 67.54 82.11 2.468 4.225 1.7285 — 1,387.75 2.489.93 — 1,733

The exchange rate for the krone when markets closed on Friday

Oslo to Cut Krone's Value Again

6.8443 to the dollar.

sures to aid industry.

not taken.

fidence in the franc.

At the present rate of loss, the central bank's holdings of foreign currency would be exhausted inside of two months, although the stronger against the dollar than it

Dealers ascribed the franc's lat-

France's yawning trade gap.

• The government's inability to

France Struggles to Head Off 3d Devaluation

Bank of France still possesses large was a week earlier, when it traded

valuation might be wiped out by effect of the two adjustments

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Eurobond Yields For Week Ended Sep. 1 Int'l Inst, Ip, term USS Ind. long term, USS Ind. medium term, USS Con.5 medium term. 16.27 %

ed by the Luxembourg Stock Market Turnover For Week Ended Sep. 3

EUA long term Int'l inst, lg term FLx...

ECU medium term.....

Total Daltar Equivale 9,252.3 8.153.6 1,098.7 13,747.5 13,037.7 709.8

interest rate swap. His security is exactly the same.

The investor will continue to hold, for example, Bank of Tokyo paper guaranteed by Bank of To-kyo. If the swap partner were to go bust, its floating-rate loan would be lumped together with its other debts, which would be a problem for the creditors. The Bank of Tokyo paper would remain in the hands of investors, who would continue to clip their coupons and collect their interest.

Carl Gewirt: is on vacation. His

at more than seven to the dollar,

the French currency fell to 6.96625

to the dollar Friday from 6.9375

Thursday, Against the West Ger-

man mark, the franc reached a

record low of 2.817, compared

with 2.8115 on Thursday. And

against the Dutch guilder, it traded

at 2.574 Friday, down from Thurs

Dealers said they believed the central bank intervened in the

market again Friday, using up more reserves to support its ailing

The latest Bank of France fig-

ures show that France's reserves of

foreign currency declined from the equivalent of \$4.75 billion to \$4.3

billion in the week ended Aug. 26,

while holdings of the composite

European currency unit used by

members of the European Mone-

tary System to defend their currencies slipped from \$7.58 billion to \$7.49 billion.

The franc value of France's gold

It was a similar reserve hemor-

holdings was unchanged at the equivalent of \$24.59 billion.

rhage of roughly \$575 million a

week during May and early June

would be a krone devaluation of about 6 percent, which would prompt a slight rise in import pric-

es while exporting industries, suf-

fering from high production costs and an overvalued crown, would benefit most.

ployer's association, Paal Kraby,

said be did not believe the devalua-tion would have any great effect on Norwegian industry's competi-

The head of the Norwegian em-

Softer U.S. Stance On World Debt Still **Vexes Third World**

By Clyde H. Farnsworth New York Times Service

TORONTO - The Reagan administration is softening somewhat its approach to the economic problems of the Third World

But despite signs of greater gen-erosity, it is still at odds with most other countries over the resources and policies needed to head off a world financial crisis brought on by too many countries owing too much to too many commercial

Both the softened attitude and the continuing differences were apparent in Toronto as delegates prepared for the formal opening Monday of the 37th annual meeting of the International Monetary Fund

and the World Bank. This year the external debt of the developing countries will rise above \$500 billion, twice the level of six years ago. High interest rates, slack world trade, plunging commodity prices and shrinking aid have made it difficult for a growing number of countries to meet their payments.

Ministers representing nearly 100 developing countries warned that if these adverse trends continued, the whole international system of trade and finance could col-

2 Reasons for Change

A world debt crisis could trigger an even sharper global business contraction, boosting unemploy-ment in developed and developing countries and wiping out all hopes, it is feared, for a U.S. recovery in

reserves fell from \$40.26 billion to

\$37.82 billion, that finally forced

Mr. Mitterrand to accept a humili-

ating second devaluation of the

franc within a year of taking off-

Washington's somewhat greater generosity has resulted analysts said, not only from a sharpening awareness of global interdepen-dence, but also from a shift in the political coloration of the adminis-One key official said, "Once tration, which has moved from doctrinaire conservatism to greater

pragmatism. Some evidence of the change came in the United states' swift response last month to the call for help by Mexico, the biggest debtor in the Third World.

Mexico, cash-poor but oil-rich. is seeking emergency loans and postponement of \$10 billion in payments coming due on its \$81 billion overall debt to foreigners. The United States provided some credits and helped to arrange others from the international commu-

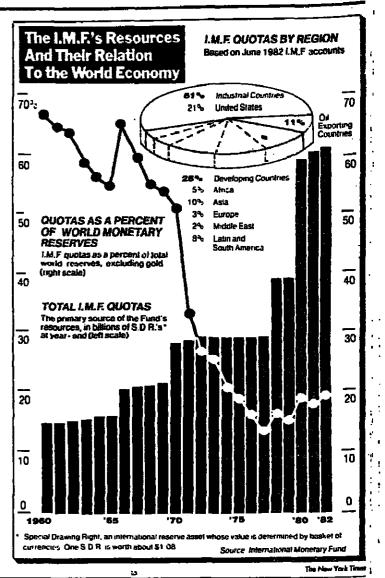
Increases Were Resisted

But the exchange controls Mexico decreed last week may make it more difficult for it to qualify for a prospective \$4.5 billion loan from he monetary fund.

Of the other debtors that may not meet their payments this year, Brazil owes nearly \$75 billion, Argentina \$35 billion, Poland \$26 biltion and Cuba \$1 billion.

U.S. Treasury Secretary Donald T. Regan said last week, "Obvious-ly, there is danger to the banking system at this point until such time as these problems can be worked

President Reagan has been resisting efforts to pump new money into either the monetary fund or (Continued on Page 13, Col. 5)



Mexico Expected to Lower Rates

New York Times Service MEXICO CITY - Mexico's

banking system, nationalized last Wednesday, will lower interest rates when banks reopen Monday in the hope of appeasing business opposition to the takeover, according to well-placed officials.

they see interest rates dropping. businessmen will soon forget about the banks. After all, how many people have been directly affected by the nationalization? Twenty? Twenty-five? Surely no In recent months, banks have

been charging their best customers between 55 percent and 60 percent interest on peso loans, and the expectation is that the rate will drop by four or five points this week. Officials now are also talking

openly of returning to the private sector the nonfinancial assets of the 40 or so banks that were na-Many of the larger banks owned

President López Portillo's Mexico bank takover was applauded by 300,000 people at a raily. Page 6.

shares in important international and local corporations involved in petrochemicals, food processing,

tourism, commerce and construc-Although businessmen are concerned about the long-term credit policies of the state banks, many seem more worried about how foreign currency markets will operate

when they reopen Monday under

the government's new system of

total exchange controls.

Saturday. The 100 or so representative offices of foreign banks in Mexico City were not affected by the nationalization decree, but many complained that their telephones and telexes had been cut off by the

A decree detailed the circum-

stances under which dollars will be

sold, including the remittance of

profits by foreign investors. But

the mechanism for obtaining for-eign exchange is still unclear.

Banks last operated on Tuesday

of last week and the decision to

keep all banks closed until Mon-

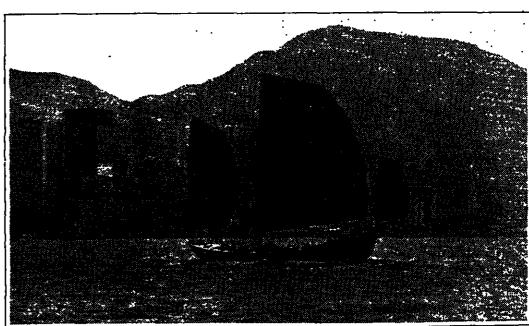
day brought particular confusion

to companies obliged to pay wages

One American banker said, The few phones that are working are being busily and noisily

government for two days.

you are an Asian corporation trading with the Middle East



CURRENCY RATES one of the world's fastest-growing Gldr. B.F. S.F. 129.06 • 17.55 • 22.4225 • 17.50 • 12.427 • 17.50 • 12.427 • 17.50 • 12.427 •

provide complete and professional banking for this specialised market We nurture Asia's regional traders with export/import finance,

more. With the in-depth experience of our executives

technology and techniques,

we have probably one of the best teams There is

Total Deposits and Borrowny

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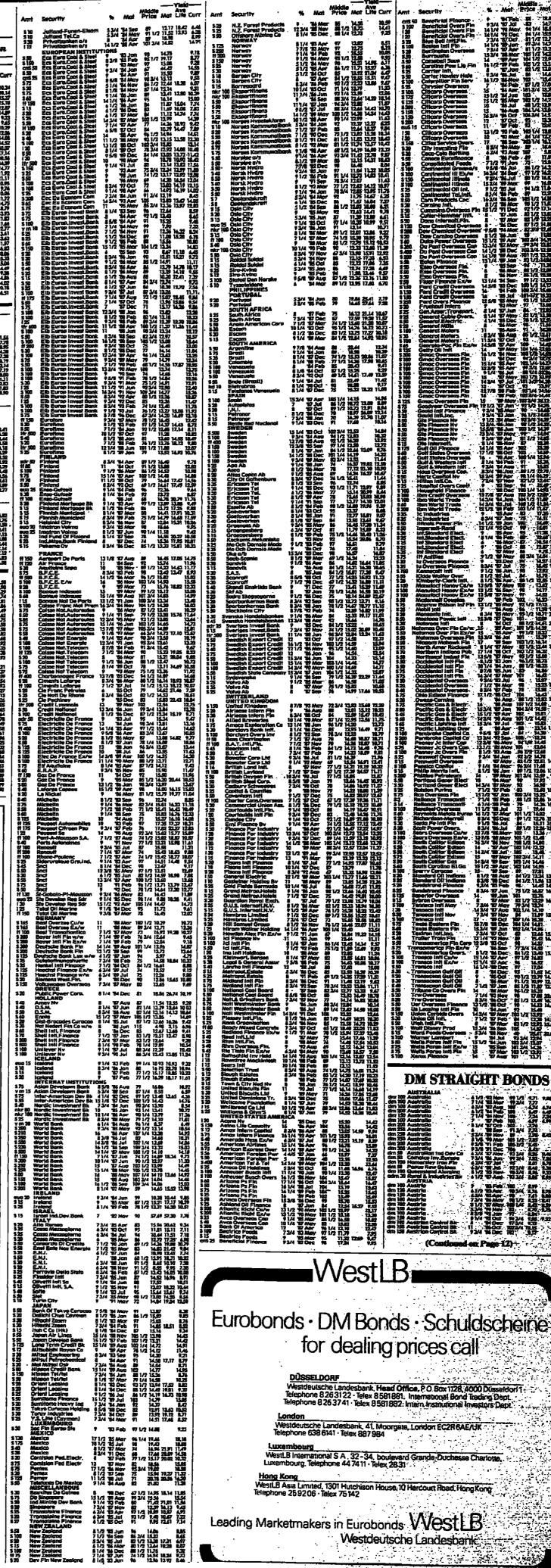
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SEACE

Herald Teribune SEPTEMBER, 1982

U.S. Carriers Face Long-Term Struggle

By Anita Schrodt

TEW YORK — These is still no great rush of optimism about a long-term ternaround for the U.S. airline industry, despite improved financial results in the second quarter and, most likely, for the third.

John R. Zeeman, senior vice president of marketing at United Airlines, sees signs already of a return to fare wars on major routes, after a six month respite from most yield-cutting discount fares. If the U.S. economy does not pick up in the fourth quarter, Mr. Zeeman is predicting some carriers' funancial weaknesses "may lead to panic pricing."

We will struggle to break even in the second half of the year, but we will still show a record operating loss for the year higher than last year's, said George James, senior vice president of economics and hasnoe for the Air Transport Association, representing 30 scheduled U.S. airlines, including the major airlines. The ATA airlines reported a \$421-million operating loss last year.

For the majors — American, Continental, Delta, Eastern, TWA, Pan

Am. Western, USAir, Republic and Northwest — the first half brought an operating loss of \$3248 million. That does not include the far-from-profitable operations of Braniff Airways, which ceased operating in mid-May. The first quarter was by far worse: in the second quarter the majors managed to report a \$125.4-million operating profit, their first in two years, and a net profit of \$18.2 million.

The major airlines: began seeing their first hefty losses in the last quarter of 1979; as the losses increased, the airlines began selling assets. Pan Am sold its and Manhattan office building in 1980 and then last fall, sold its Intercontinental Hotels subsidiary. Other airlines sold off aircraft. At that point, Mr. James started looking at the operating profitor loss line as the true indicator of how the airlines were doing, since the side of assets was distorting the bottom line. Now, he said, with most of the assets sold, "We're beginning to look at another measure — opera-ting profit after interest payments. It's an expense of doing business. The industry is paying more than \$1 billion a year now in interest."

The airlines are paying for aircraft ordered in the expansionary enthusiasis prompted by the Airline Deregulation Act of 1978. Deregulation, ATA President Paul Ignatius said, has meant that "in a relatively short period of time the industry has changed from a quasi-public utility to a market-driven, intensely competitive industry."

Braniff Airways failed to survive the change. It launched a major expansion program following deregulation, almost doubling its domestic

U.S. network and opening new routes across the Atlantic and Pacific for

Its strategic error came in early 1980, when other major airlines spotted the signs of a deepening economic recession and a long-term shump in passenger growth and began retreating. Braniff took almost a year to

make the painful decision to pull back; by then, it was too late.

With Braniff's failure, Eastern took over many of Braniff's routes to Latin America — to Colombia, Argentina, Chile, Panama, Bolivia, Paragoay, Peru and Ecuador. The move into South America was part of Eastern's long-term marketing plan; without Braniff's demise, it would have taken years to receive regulatory approval to open even one route to the south. The routes began producing instant profits. In the second quarter, although it had been on the South American runs for only a month and a half, the Miami airline reported an operating profit of \$16.6

One reaction this year to the erosion of airline profitability has been the establishment of broader corporate structures to permit diversification. American Ardines created AMR Corp: to invest if necessary, in non-airline activities. "The holding company represents a certain amount of financing flexibility; the airline will still be its major subsidiary," American Charman Albert Casey said.

There are at least two notable precedents to the holding company philosophy: UAL Inc., the parent of United Airlines, whose subsidiaries include Westin Hotels and a business service company; and Trans World Corp., parent of TWA, whose other businesses include Century 21, a major realty company

Trends of the decade: World Aviation industries are facing particularly strong challenges in the 1980s. Wars and changes in government have boosted the shape of the military aviation and air defense industries. Civil aviation has been affected by the financial difficulties of the major airlines, but the longrange outlook seems bright. In space, the decade will usher in the widespread use of orbiting space shuttles and laboratories as well as of satellite rocket launchers - the payoff for years of research and sometimes unsuccessful tests.

FARNBOROUGH

Falklands, Mideast Spur a Trend Toward Rearmament; World Airlines Enter Industry's Most Turbulent Era

L ONDON — Two major trends have emerged since air force and airline chiefs, government officials and trade delegations met in 1980 at the last Society of British Aerospace Companies air show at Farnborough. Rearmament, lately boosted by the conflicts in the Falklands and in the Middle East, has accelerated, while commercial airlines have entered the most turbulent economic era in their history, without any sign of an end to the recession yet in

These trends will be reflected at the Royal Aircraft Establishment airfield, 40 miles southwest of London, where the Farnborough show is taking place. There will be a plethora of military hardware from the main suppliers in the West (despite invitations, the Soviet Union has never exhibited at this show, although it invariably does at the Paris air show, Farnborough's great rival); and an unusually large number of new airliners, all incorporating money-saving devices, such as fuel-efficient jet engines, with which the manufacturers are trying to tempt the impecunious airlines.

A few announcements of sales in either the military

or civil sectors can be expected during the seven-day show. Some contracts and project go-aheads decided upon weeks before the opening will have been hoarded for a grand unveiling — but this is not really what air shows are all about.

Farnborough is a shop window for aerospace goods and, just as important, a forum where potential customers can meet with potential suppliers. What is seen and talked about on the company display stands and in the company hospitality chalets that face the runway and that offer a superb grandstand for the daily two-and-a-balf-hour flying display — will most likely not come to fruition for two to three years or

New aircraft or missile projects can be anything up to 10 years in gestation, and then in service for a further 15 or even 25 years. Farnborough is more a place for mulling over ideas and products than for snap decisions, a place where the aerospace industry bosts press the flesh and make themselves known to junior officers and bureaucrats from 100 or more countries, on the assumption that, in some years' time, these officials will have risen through the ranks and be in positions to order aircraft, weapons, equip-

ment and aviation electronics. Farnborough is also a place where more than a little industrial espionage, of the most gentle kind,

goes on. Companies photograph their rivals' products and check their latest brochures. Air attachés from East bloc countries are out in force and reporting back to their capitals on the apparent potency — or lack of it — of the latest weaponry from the West. Countries from the Third World of aerospace, particularly China, will have representatives anxious to glean ideas that they can incorporate in their emerging aircraft industries.

This is the society's 50th show - the 25th at Farnborough - and there will be plenty to see. A third exhibition hall has been erected, but all display space was let early this year, and there was a waiting list. At the last count, 135 aircraft had been entered, ranging from the supersonic Concorde airliner to the little single-seat Wallis autogyro used in the James Bond films, from two-seat military trainers to the mighty Rockwell B-1 bomber, symbol of President Reagan's rearmament program. A quarter of a million people will have passed through the gates by the end of the

The cost of it all to the industry is fearsome, and has produced one important casualty. McDonnell Douglas, one of the Big Three U.S. manufacturers, decided early on that the cost of being there — in its case, about \$1.75 million — was not justifiable. The company has also decided already that it will not show at the 1983 Paris salon, for the same reason.

The main interest at this show will undoubtedly be the head-on collision between aerospace groups epitomized by the arrival of two new Boeing airliners, the 757 and the 767, and the A-310 produced by the consortium of European manufacturers in Airbus Indus-

All three aircraft are fighting for sales in a falling market for wide-body airliners, the airlines having recently been warned by their trade group, the International Air Transport Association, that they may expect revenues to fall \$3.5 billion short of the financial result needed to meet current debts and to provide new equipment this year. A \$4-billion shortfall is ex-

The smaller airlines are doing better financially than the majors, and there will be a long list of new commuter airliner projects on show, in the 20- to 60eater range, including some interesting cross-border

Huge Military Order Fuels **Expansion Course in Japan**

corporations in the United States.

Japan are a mere 0.14 percent of

Sales in the aviation industry in

By Walter W. Miller

TOKYO — Japan's aviation industry is on an expansion course and a recent Defense Agency order for 125 new military aircraft is a major contributing factor, according to industry and for-eign analysts. The industry also plans to intensify efforts to grab a larger share of the foreign civil air-

Japanese aircrast manufacturers are gearing up to meet orders fol-lowing the National Defense Agency's announced plan to spend \$17 billion on new military equip-ment between 1983 and 1987.

Traditionally dependent on military contracts, Japanese aircraft makers are slated to receive the biggest chunk of the Defense Agency's five-year buildup budget, according to agency sources. The Defense Agency's shopping list includes 75 F-15J jet fighters and 50 P-3C anti-submanion according P-3C anti-submarine patrol planes. The mainstay of Japan's air defense force, the F-15J and P-3C, are built in Japan under U.S. li-

A spokesman for Mitsubishi Heavy Industries Ltd., whose aircraft manufacturing division is the country's largest, would not comment on the Defense Agency's plan. However, he did say that the industry "is getting larger and larger due to military orders." He said about 90 percent of Mitsubishi's aircraft production is for the military sector.

The industry's total output for the 1981 financial year, which ended March 31, 1982, was 327.14-billion yen. Of that, the Defense Agency's slice of 79.5 percent was the largest. The industry produced 136 aircraft and 114 aircraft engines, including 59 turbojet and 33 turboprop engines.

All except one of Japan's major aircraft producers recorded two-di-git increases in their sales over the 1980 financial year. Mitsubishi's total aircraft sales, for example, were 158.64-billion yen - a 20percent increase over the previous year. Shin Meiwa Industry alone registered a drop in its sales, down to 67.76-billion yen, or 59 percent off 1980 figures.

A unique aspect of Japan's air-craft industry, which explains in

gross national product, against 1.9 percent in the United States and part its present structure, is that the plane manufacturers are all relatively small divisions within the 1.6 percent in Britain. country's giant machine compa-nies. As a result, the industry is This, coupled with high production costs and tiny research and small in comparison to such goli-aths as the Boeing and Lockheed

development budgets, will hold the Japanese to their present course of joint production of aircraft and aircraft engines for the comm as well as military sectors.

Weaponry: West's Systems Score in Recent Conflicts

By Arthur Reed

ONDON - Two conflicts in the Middle East and one in the South Atlantic have provided some interesting lessons for experts in air defense. One highly encouraging trend for the West that has emerged from the wars between Iran and Iraq, and Israel and the Palestine Liberation Organization, is the success of weap-ons systems developed in Europe and the United States against those designed and supplied by the Soviet Union.

In the light of this success, a number of Third World countries that have long relied on Soviet weaponry have made overtures to Western arms suppliers. These nations have noted with what ease the Israelis destroyed Soviet-made MiG aircraft and surface-to-air missiles operated by the Syrians in Lebanon, and the success of U.S. ground attack aircraft used by Iran against the Soviet T-72

tanks of the Iraqi Army.

India, Peru and Algeria are among countries that have recently approached the West, reasoning that there is little point in having cheaper weapons with faster delivery times from Moscow if they show up badly when the shooting begins. Still, the Middle East conflicts and that between Britain and Argentina over the Falkland Islands have shown that the side with the highest level of skill and training has a better chance of success. In the South Atlantic, the Royal Navy and Royal Air Force Harriers were up against well-designed and proven French Mirages and Etendards and U.S. A-4 Skyhawks, but skill and training carried the day.

Argentine pilots showed great bravery, but in the end the British destroyed 109 Argentine planes — 67 of them in the air. Of these, 31 were Skyhawks and 26 were Mirages.

Total "kills" by the Harriers were 27, while the British surface-to-air missiles had the following successes — Rapier, 13 aircraft; Sea Dart, eight; Blowpipe, eight; Sea Cat, six; Seawolf, five.

The Falklands conflict showed up vividly the vulnerability of

warships to sea-skimming missiles of the Exocet variety. The British Defense Ministry has introduced a number of measures designed to counter such attacks in any future battle. The use of "chaff" — hundreds of thousands of tiny metallic strips fired into the path of incoming missiles to confuse their radar - will be increased; missile batteries able to fire from only one side of a ship are being given a 360-degree field; and the U.S.-made Phalanx gun, able to fire 3,000 rounds a minute into a missile's path, has been installed on Royal Navy through-deck carriers.

But what the British forces really missed in the South Atlantic was an early warning aircraft able to "see" over the horizon with its radar and give notice of missile attacks. This gap will not be filled until some time next year, when the first Nimrod Mark 3 aircraft go to the RAF squadrons.

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NEW YORK - "We can live with it." It IN was a verbal shrug-of-the-shoulders from executives at United Airlines' Chicago headquarters and from the Miami offices of Eastern Airlines, but the sigh of relief emanat-ing from the Boeing Co., the world's largest producer of commercial jetliners, was loud and

What United and Eastern can live with is the vote in July by the U.S. Congress to extend a controversial corporate tax shelter — so-called "safe harbor" leasing — through the end of next year, albeit in a somewhat more restricted form.

Of course, neither United nor Eastern nor almost any other major U.S. airline has any need these days for a tax shelter, since there is little profit to tax. But these airlines have been selling to more profitable companies the tax benefits on new aircraft they are buying. That financial ploy was threatened with extinction. What it means for Boeing is that those two airlines will not carry out threats to cancel firm orders for \$1.5 billion worth of new jetliners.

Not only were the orders crucial in terms of dollar sales, but decisions to cancel would have cut into the heart of Boeing sales of its two newest jetliners.

Eastern was talking about dropping firm or-ders for 27 new 757s if safe harbor leasing, first made possible through the U.S. Economic Recovery Act of 1981, was repealed. United is already in the midst of talking to Boeing about extended delays on delivery or possible cancel-lation of the last 20 of a 39-plane order for new 767s, simply because passenger levels will not support the planes; its executives said repeal of

safe harbor leasing would endanger the orders for the first 19, even though the airline has already begun taking delivery on the first of those planes.

Both airlines said that, without the financing leverage of the leasing provisions, under which they can sell the tax benefits for cash, they could not afford to go through with the initial purchase decisions.

At one time early in its deliberations, it appeared that Congress would not only repeal the tax shelter, but make the repeal retroactive to early 1982. The U.S. scheduled airlines. represented in Washington by the Air Transport Association, said that repeal would threaten about \$7.5 billion in existing aircraft orders, another \$6.5 billion in options and \$1.5 billion in spare parts and other equipment.

in extending safe harbor leasing through the end of next year, Congress attached several re-strictions to its use. However, it also attached a couple of exemptions to the restrictions, and commercial jelliner orders fall neatly into both of those exemptions.

The exemptions — on aircraft delivered and placed in service by the end of this year, if ordered or under construction between Dec. 30, 1980, and July 2, 1982; and on new aircraft put into service by the end of next year and ordered or under construction between June 25, 1981, and Feb. 20, 1982 — mean the airlines can take full advantage of the older, more liberal safe harbor leasing law.

Safe harbor leasing differs from conventional leveraged leasing in that the airline can re-tain actual ownership of the aircraft and list it as an asset while it sells for cash the tax credits and depreciation allowances to another party. The congressional action will also make leveraged leasing more attractive to U.S. airlines, once safe harbor leasing expires. In 1984, leveraged leases will be permitted, for the first time, to contain fixed-price options, if the air-line wants to purchase the aircraft from the

And leases can be negotiated, beginning in 1984, up to 90 days after the aircraft is put into service. Currently, leveraged leases have to be completed before the aircraft goes into service. The cash-strapped, debt-ridden U.S. airline industry has been far from eager to place new orders for jetliners, particularly this year.

orders for jettiners, particularly this year.

As a result, the nation's three major aircraft manufacturers — Boeing, McDonnell Douglas Corp. and Lockheed Corp. — spent a lot of time in Washington this summer lobbying on such issues as safe harbor leasing.

Foreign orders, which account for about 60 percent of the triumvirate's commercial orders.

have also dried up, and one major thrust of Boeing's lobbying has been to push for in-creased spending and loan guarantee levels from the U.S. Export-Import Bank to help Boeing's foreign customers finance their pur-

Congress will be considering a temporary appropriations bill for the bank this month; it appears that Boeing's efforts may have paid off, since there has been a move to boost the spending levels. The bank, in the meantime, is still financing aircraft on a selective basis, only where foreign competition (from Europe's Airbus Industrie) exists for a specific aircraft Even Lockheed Corp., which announced late last year that it would focus strictly on military business and shut down its L-1011 TriStar line, its only commercial aircraft on the market, at the end of 1983, has been an active player on the Washington stage.

Lockheed and Boeing battled for orders for a new military transport, with Lockheed offering to build an updated version of its C-5 Galaxy Starlifter and Boeing proposing to modify its commercial 747 jet transport for the job. Boeing lost that round; Congress appropriated the first funding of what will be a \$10-billion program to build 50 C-5s through the rest of the decade, with a consolation prize to Boeing in the form of orders for three military versions of the 747.

Lockheed has removed itself from the com-mercial aircraft business before. It produced no commercial planes from 1962, when it rolled out its last Electra, until it launched the L-1011 in 1968, although it worked furiously. in the meantime, on the American program for

a supersonic commercial airliner.
This time, however, Lockheed has "no plans to design and create another commercial air-craft" after the last L-1011 comes off the production line late next year, Lockheed Chair-

man Roy Anderson said.

The company's Lockheed-California subsidiary, which builds the Tristar, has 12 more firm orders to be completed and is going to build five more "white tails," with no customers lined up, despite the fact that Pan Ameri-can World Airways is hoping to sell off its en-tire fleet of 12 L-1011-500s, the long-range ver-sion, and that Eastern has tried periodically to get rid of several of its Dash 500s. Lockheed's final 17 L-1011s will be the long-range Dash

Lockheed-California is already devoting more attention to the military aircraft it pro-duces — the P-3 Orion antisubmarine patrol plane, a version of the commercial Electra deplane, a version of the commercial Electra de-sign; the new TR-1 single-engine reconnais-sance jet; and modifications on the Navy's S-3A Viking, a carrier-based twin-engine similar to the Orion. There are some talks about re-opening the Viking production line, which closed in 1978 after 173 deliveries.

When the company turns out its last TriStar, it will have built 250 of them. It estimates total losses on the program at \$2.5 billion.

The truest picture of the bleak state of the aircraft manufacturing industry comes from a look at Boeing's orders, which signal some hard times ahead for that Seattle company. Boeing Commercial Aircraft, the subsidiary in Seattle, produces a complete line of commercial jets — the 727, 737, 747, and the new 757

and 767—ranging in price from \$15 million to \$90 million per plane.

This year, through July, Boeing received orders for 46 new aircraft, including five for military versions of the old 707. There were only two orders for the new 757 and none for the 767. Last year, during the same period, Boeing announced 142 new orders.

There were cancellations of 29 previously firm orders in the first seven months. American scrapped its order for 15 new 757s; Air France canceled on five 737s; Mexicana Airlines backed out on six 727s; Transamerica Airlines, a charter airline, dropped two jumbo

747s; and there were other cancellations of single 737 orders.

The financial impact was clear at midyear.

Boeing's cash and short-term investments to-taled \$514 million, down from \$2.3 billion at the end of last year, and the company's first-sementer earnings dropped from \$284 million the year before to \$132 million.

the year before to \$132 million.

Boeing's employment at the end of this year will be down about 10,000 workers in Seattle to about 65,000. It has not yet reached the pits of the 1969-1971 slump, when employment dropped by 90,000 company-wide, including 70,000 Seattle workers, to 38,000 and the sign went up on the outskirts of the city: "Will the last person leaving Seattle places turn out the last person leaving Seattle please turn out the

Although the year is turning out to be less than satisfactory for the manufacturers in terms of orders and profits, 1982 will mark the first time since the introduction of the wide-body 747s, DC-10s and L-101's more than a decade ago that brand-new commercial jet-linear mill coll off the LLS production line. liners will roll off the U.S. production line. Boeing is delivering its first new 200-seat 757s to Eastern and its first new 767s — to United, American, Delta, TWA, Air Canada, Ansett in Autrialia and China Airlines. Boeing expects to deliver 25 of the new 767s by the end of the year.

end of the year. Boeing is hanging on through the current slump in commercial jetliner orders; McDonnell Douglas is doing the same and relying on military orders to keep the DC-10 line going; and Lockheed has thrown in the commercial

-- ANITA SCHRODT

Engine Makers Edge Toward Links

three jet engine manufacturing giants of the West continues to be bitter, but the staggering sums of money needed to develop new power plants may force them to work together in the future.

Each has its own massive turbofan - General Electric the CF-6, Pratt and Whitney the JT-9 and Rolls-Royce the RB-211 - powering various versions of the current generation of wide-body airliners.

These engines started life 10 years or more ago with thrust ratings of about 40,000 pounds, but each has been "stretched" to give up to 55,000 pounds, while the amount of fuel they consume, per pound of thrust, has declined. Now the companies are competing with engines for the next generation of 150-seater arriners. So far each has taken a different approach. Rolls has developed the 535, a reduced-power version of the 211; GE, in partnership with Snecma, the French engine manufacturer, is producing the CFM-56; Pratt and Whitney is making a brand-new engine. the 2037.

Pratt and Whitney claims that its competitors are offering old technology while it concentrates on the new. Each contender hotly disputes the others' fuel consumption figures. Each privately wonders how much further it

ONDON - Britain's aircraft industry, with orders in hand worth well over \$7

billion, is well-placed in the short and medium

erm, but would welcome more sales contracts

The industry now pivots around British Aerospace, recently denationalized under

Prime Minister Margaret Thatcher's policies

for "privatizing" state industries. Incorporated within BAe are most of the companies that

BAe employs 80,000 workers in factories

billion worth of aerospace goods - including

equipment — reported orders in hand worth \$6.8 billion and made a profit before taxation

In the civilian sector its main product lines

are the 146 airliner, a four-jet 70/100-seater

with a quiet, short takeoff performance; the Jetstream 31 20-seat commuter, the 125 10-seat

executive jet, the rugged 45-seat twin tur-boprop 748, and the wings for the two Europe-

an Airbuses in production, the 300-seat A-300,

been on the market for some time and contin-

ue to sell well, but the two new products, the

146 and the Jetstream 31, are in a sales dol-

drums for the moment and could do with a

boost in orders. Jetstream has recently com-

pleted a European sales tour, and the 146 is

due to leave on a similar mission to the Far

East and India shortly after the Farnborough

The Airbus, the 125 and the 748 have all

military and civil aircraft, missiles, and space

e country, and in 1981 sold 3.

and further projects for the longer term.

developed aviation in Britain.

of \$124 million.

and the 200-seat A-310.

can go with the tremendous development costs involved — Pratt and Whitney's 2037 will have cost about \$1 billion by the time it is certified.

Recently the competition has centered on which engine will power the Boeing 757 — one of the new airliners that will be appearing at the Farnborough show. Rolls scooped up British Airways and Eastern Airlines, but Pratt and Whitney came back with one of the biggest engine sales ever—for sixty 757s for the leading U.S. airline, Delta. GE is not really in this market with its CFM-56, but it has been having steady success with that engine in refitting outdated DC 8c and in Paris 707 tests ting outdated DC-8s, and in Boeing 707 tankers for the U.S. Air Force. The CFM-56 is also being chosen by airlines for the latest version of the Boeing 737, the 300.

Apart from the money involved, the lead time required to develop a big new modern jet engine is lengthy, and costly in terms of manpower and brainpower. Pratt and Whitney's 2037 began life in 1971 and at one point became the IT-10D, for which Rolls-Royce did some collaborative work.

Over the years the engine's thrust grew from 23,000 pounds to its current 37,000, and Pratt and Whitney claims that in its present form its fuel consumption will be 30-percent below that of first-generation turbofans and 10-percent lower than that of Rolls' RB-211-535C, with

British Industry Looks for Long-Term Projects

BAe is also working closely with the aircraft industry of Romania, which is producing British 1-11 90-seat airliners under license, and

continues to support past projects such as the

Concorde supersonic airliner and the Trident

Airliner, which are still in service although the

In the military sector, the biggest BAe project is the Tornado, an advanced superson-

ic bomber with a variable-geometry wing. De-veloped in partnership with West Germany

and Italy over a lengthy period, it is just going

Britain is ordering the Tornado in an air de-

fense version, a prototype of which will be dis-played at the Farnborough show for the first

time along with a former VC-10 airliner that

Also on the BAe flight-line at Faraborough

has been converted into a tanker to support it.

will be examples of its other military pro-

grams, including the Jaguar bomber made in

cooperation with France but which is now

coming up for replacement; a prototype early-

warning version of the Nimrod set to enter ser-

vice with the Royal Air Force next year, and

the Sea Harrier, the shipborne version of the vertical takeoff Harrier "Jump jet."

with its West German and Italian partners.

This is the ACA, the Agile Combat Aircraft, a

Mach 2 (twice the speed of sound) fighter with

ground-attack design. ACA development and production will keep several British factories busy until the end of the century.

BAe has just announced an important follow-up project to the Tornado in conjunction

assembly lines are closed.

pariner countries.

which it competes (the figure is vehemently contested by the British company).

Pratt and Whitney is collaborating in 2037 development and funding with the West German engine firm MTU and with Italy's Fiat an indication of the way future big engine programs may go. It is generally accepted that no one company will be able to afford the colossal sums needed, and that international cooperation will be commonplace - even between the current rivals.

Indeed, Rolls is talking to both major U.S. ompanies about possible joint ventures, and is involved with three Japanese companies in the development of the RJ-500, an engine that could power airliners in the 150-seat bracket.

Meanwhile, Rolls plans an even more advanced version of its new 211-535C — the 211-535E4, due to go into service on 757s in 1984. Rolls claims it will reduce fuel consumption by a further 10 percent, to give the 757 a fuel consumption improvement of 45 percent over

the generation of airliners that it replaces. In the military sector, where tight fuel consumption is not considered as vital and where power is all-important, the race is on to improve existing jets and perfect an engine that could give a future generation of fighters vertical takeoff and supersonic flight capability.

Westland, in the English west country, and Short Brothers of Belfast are Britain's two

largest airframe manufacturers after BAe. The former will have four helicopters at Farnbor-

ough, three versions of the Lynx - including a

civil type - and a larger Sea King. It is also

displaying plans for the EH101, which it in-

tends to develop with Italy, and for a new ver-

sion of its existing Lynx-3 with a specific anti-

Short Brothers has two commuter airliners

the 36-place 360 and the smaller 330, which

are having encouraging sales around the world. The manufacturer also makes a range of mis-

siles and carries out airframe work for a num-

ber of aerospace companies abroad, including

Outside the British Big Three aircraft mak-

ers, there is a range of smaller companies. Pi-

latus, a Swiss firm with a factory on the Isle of

Wight off the English south coast, produces

British-designed aircraft with a largely local

work force. Pilatus took over Britten-Norman,

developers of the Islander and Trislander com-

Pilatus B-N has an agreement with the

Romanian aircraft industry under which the Islander is made in Romania and then flown

back to England for fitting out and delivery to

customers. The company recently announced

that the Trislander is to be made under license.

from kits of parts produced in Britain, by a

company based near Miami.

Boeing and Lockheed in the United States.

- ARTHUR REED

THE SPACE EFFORT

U.S.: Columbia's Success Pushes Program Into Commercial Era

By Robert Hotz

WASHINGTON — The W U.S. space program is surging forward technologically as a result of the successful flights of the Columbia space shuttle, but the program is struggling to develop new man-agement patterns to meet the expanding requirements of industrial, military and scientific users of space technology.

Despite the attempts of two presidents. Jimmy Carter and Ronald Reagan, to develop a new U.S. space policy and the aggressive leadership of the current NASA administrator, James Beggs, the United States is still struggling to find a pat-tern for successful transition from NASA research and development to widespread operational use by industry, science

and the military. Nor has presidential space policy chosen to grapple with the long-range development problems required for the full utilization of space shuttle ca-pabilities into the next century. Private investors want to get into the space business, but government officials are reluctant to lose their monopoly control. So far the Reagan ad-

ministration has offered little encouragement to private enterprise in the space business. fered to finance the construction and operation of the fifth shuttle orbiter, perennially chopped from the NASA budget despite the obvious need for it. Several companies are developing new space rocket boosters, and the bid by Comsat Corp. to take over the struggling Landsat earth resources

system and the Nimbus weath-

er satellite system from a con-

glomeration of government

agencies for the commercial

market is strangling in a regula-NASA, under Mr. Beggs' leadership, has developed a joint endeavor program that offers free initial use of shuttle capacity to industrial users who can show the potential for new and profitable commercial op-

erations in space.

Once the capability is demonstrated, the industry involved would become a regular paying customer for the shattle system. The first such joint endeavor flew on the fourth Columbia flight last summer. It involves a large aerospace company familiar with space operations, in partnership with a major phar-maceutical company, to pro-duce drugs several hundred times purer in the micro-gravity of space than is possible in the gravity pull of the Earth's sur-face. The drugs can also be pro-

duced several hundred times faster in space. Both firms have invested several million dollars in their own facilities for the project and are gnaranteed proprietary secrecy by their NASA agreement. The first experiment on Columbia was successful, and the drug partner in the consortium foresees widespread application of space-produced medicines for

such ailments as diabetes,

arthritis, cancer, bemophilia, severe burns and ulcers. Mr. Beggs is also trying to amalgamate all of the assorted industrial contractors now servicing the shuttle between flights into a single industrial management contract that could lead to the transition toward an airline-type operation in space with a wide variety of cargo space users being serviced by a single operational organization.

This would be aimed at putting the shuttle on an economically profitable operational basis and leave NASA free to develop new systems to improve the shuttle capacity and time in orbit and the basic components for permanent manned space stations. The necessity for continuous space operations in the industrial era was emphasized recently by the aerospace-drug team whose projections for full profitability required 52 weeks annual production from their space-based facilities.

The first four test flights of the Columbia shuttle have proved its full operational capability as a re-usable, responsive, manageable and precise flying machine in the atmosphere and a functioning spacecraft in orbit. Its operational glitches proved to be minor, including even the 33,000 ubiqui-tons tiles that needed only a stronger give. Its performance has proved that it is in fact even a better machine than its designers anticipated and its potential for development to increased performance is obvi-

The big problem remains reducing the time for recycling to get the required 12 flights per year per orbiter. Delays in reaching the flight test stage and the longer than anticipated mmaround times have already caused a substantial user fee in-

Lack of a commitment to a larger shuttle fleet or even a fifth orbiter has caused concern among potential users about the availability of sufficient shuttle capacity for the next 20 years. Five years ago, critics scoffed at the slim prospects for shuttle users, but capacity is now sold out through 1985.

A Successful Ariane Test Launching Could Challenge Dominance by U.S.

By Axel Krause

DARIS - The fifth - and launching of Ariane, Western Europe's newest spacecraft, is scheduled to take place early Friday at the French space center near Konrou, French Guia-

A successful launch will place Europe's space program on a greatly strengthened foot-ing with the United States in meeting demands of a growing, multibilition-dollar market for launching facilities and ser-vices, according to U.S. and European space officials.

Europe also will be in a better position to challenge U.S. dominance in the equally lucra-tive market for civilian and military satellites that are rapidly being built for the world's in-dustrial and developing na-

We are optimistic, and if we succeed Friday, Ariane will re-ally be on the market, considering it is our first operational launch," said an official of the European Space Agency, which groups 11 European nations. The Paris-based agency also

is responsible for Europe's first, joint effort in manned space. Known as Spacelab, it involves building a manned and reusable space laboratory, which will be placed aboard in an orshuttle of the U.S. Na tional Aeronautics and Space Administration.

Spacelab's first flight is scheduled for the autumn of next year. "We are still waiting for NASA to give us a date, but Spacelab definitely represents European cooperation with the United States, not competi-tion," the ESA official said.

Development of Ariane, including advanced versions and a second launch facility, will remain the largest single item in the European agency's budget for at least the next several years, space officials said. In 1982, ESA's total budget was raised to nearly \$1 billion from \$850 million last year.

"We are proving to govern-ments and customers we have an expanding and a commercially viable venture," added an executive of Arianespace, a French-dominated consortium of 36 leading European aerospace companies and 11 banks. It is responsible for financing, building launching and marketing of the spacecraft and will have a small stand at the Farnborough Air Show.

"Our launch, assuming it succeeds, should draw some at-tention," the Arianespace executive said.

Friday's operation will attempt to place two satellites into geostationary orbit - the Marecs-B maritime telecommunications satellite and Sirio-2, which is designed to improve transmission of meteorological data over Africa. It will be the first test of Ariane's dual launch system, which permits the orbiting of two mutually in-

dependent payloads, ESA officials said. At present, Arianespace has received a total of 24 firm orders and 13 reservations through 1986, primarily for launching communications satellites for customers in Europe and the United States, as well as others in lesser-industrialized nations, including Saudi Arabia

and Brazil.

According to industry estimates, the value of Arianespace's contracts to date are worth the equivalent of roughly 4 billion francs, which compares to \$1 billion in commercial contracts won by NASA's shuttle. Behind those figures is the story of intense, worldwide competition for business, by both NASA and ESA, charac-

terized by charges and countercharges regarding pricing and other sales practices. Some U.S. government officials have complained that the Europeans, including senior diplomats, have warned potential customers that NASA യാഥ വാശ stnore future commercial flights in favor of military missions. This is a particularly delicate issue, since NASA is aggressively promoting launch services both on the older, Delta launcher and the shuttle, on which the Pentagon

percent of scheduled launches through 1987. Most industry sources on both sides of the Atlantic agree that Arianespace has been picking up contracts because of attractive financing terms and lower prices -- Delta's rates. for example, vary between \$26 million and \$32 million, which compares to an estimated \$25

has indeed reserved about 25

ropean launch.
But U.S. industry sources also noted that French banks offer rates below 10 percent, while the U.S. Export-Import Bank rates are around 12 per-

million to \$30 million for a Eu-

cent or more. A senior U.S. executive of a leading communications company, which has contracted for both NASA and Arianespace launches, recently commented: We wanted to hedge, since there can always be failures, but it is true that the Arianespace boys are aggressive, they have these cost advantages - it is all a bit reminiscent of the European success with

AFTI F-16 Could Change Fighter Technology

By Richard Tuttle

WASHINGTON — If the flying displays at Farnborough this year are anything like those of the past, they will be impressive. but the technology used in a new U.S. military jet just beginning its flight test program in the Califor-nia desert promises to make future Farnboroughs even more exciting. The aircraft, although externally

similar to the F-16 fighter now flown by the U.S. Air Force and the air forces of Belgium, the Netherlands, Norway, Denmark, Israel and Egypt, features new internal systems that will allow it to perform seemingly impossible maneuvers — all with an eye to improving combat effectiveness. Among other things, the plane, called the AFTI (for Advanced

Fighter Technology Integration) F-16, will be able to turn without banking or rolling, fly up or down without raising or lowering its nose, and move sideways while its nose continues to point forward. If the three-year flight test program at Edwards Air Force Base in California is successful, and the tional" maneuvers may be a thing of the past.

The AFTI F-16 is one of a number of projects underway in the American aerospace industry that hold potential for the future. High on the list, but difficult to

get a firm handle on because of strict security, is the "Stealth" bomber program. The idea is to develop a bomber that will be virmally invisible to Russian radar and other detection systems. Recent advances in a variety of fields, including materials from which aircraft are constructed and radarproofing techniques, put this goal within relatively easy grasp.

Leading the effort for the U.S. Air Force is Northrop Corp. — not a traditional builder of bombers, but a company with experience in a number of areas, including materials and electronic warfare. Haying that experience under one roof apparently also helps keep the security lid on

The lid has been on for years at Lockheed's "Skunk Works" in

AXEL KRAUSE is the economic correspondent of the

International Herald Tribune. ARTHUR REED, a

free-lance aviation writer based in Britain, is the Euro-

pean senior editor of the monthly Air Transport World

published in Washington. ROBERT HOTZ is the re-

tired editor in chief of the U.S. publication Aviation

Week & Space Technology. WALTER W. MILLER is

a free-lance writer based in Tokyo. ANITA

SCHRODT is aviation editor for the New York-based

Journal of Commerce. RICHARD TUTTLE is manag-

ing editor of the Washington-based Aerospace Daily

And a standard to the standard

AFTI F-16's technologies are widely adopted, today's "conven-likely to come off soon, especially likely to come off soon, especially since Lockheed also is working on Stealth projects — including a fighter and a cruise missile. The fighter may look like a small, pilotless plane developed by Lockheed in the 1960s for reconnaissance over politically sensitive areas, such as China. Fast and difficult to

detect, it was intended to do its job in complete secrecy. The Stealth fighter and the cruise missile reportedly have been heavily influenced by the technology used in Lockheed's triple-sonic SR-71 recomnaissance plane. The SR-71, which has the same basic mission as Lockheed's U-2 - to gather information - first flew in

the early 1960s. A direct descendant of the U-2, the TR-1, is slated to make its first appearance at Farnborough this year. The SR-71 was a hit of the 1974 Farnborough show, where it landed after flying from New York to London in one hour and 56 minutes. The same plane a few days later flew from London to Los Angeles in three hours and 47

Not nearly as fast, but much larger, is Lockheed's C-5 Galaxy transport, which has been challenged for the military sirlift mission in the U.S. Congress by Boeing's 747. At stake have been not only big business for Lockheed or Boeing, but also the U.S. ability to move adequate numbers of troops and equipment quickly to distant areas such as the Middle East. One study says the United States now is dangerously short of aircraft for

In the long run, the airlift role will be filled more efficiently by a new plane, and McDonnell Douglas hopes that plane will be its own the aircraft, say the critics are C-17. The company was chosen wrong, at least in terms of per-miner of a competition to heald formance.

money problems have conspired In somewhat the same category

-ARTHUR REED

has been another McDonnell Douglas aircraft with potentially significant impact, the VTX trainer for the U.S. Navy. Collaborating with McDonnell Douglas is British Aerospace, whose influence is obvious: the VTX is British Aerospace's Hawk trainer modi-fied for operations from aircraft carriers. McDonnell Douglas is the prime contractor because "it's just practical politics," said an industry observer. "A foreign contractor could never get off square one" in a bid to head a major project for the U.S. government.

But all has not been clear sailing for McDonnell Douglas-British Aerospace. Congress was leary of the Navy's decision to move al at this stage with only one VTX entry (several were in the competition), and has slowed the whole program. The Navy had, in fact, planned all along to narrow the ield of competitors to two and then eventually to pick a winner, but money problems forced it to skip the two-competitor phase. The Navy is anxious to get on with the program because it promises to train pilots better and more cheap

Meanwhile, a second McDon-nell Douglas-U.S. Navy project the F/A-18 Hornet — is proceeding with the approval of the U.S. Congress despite vocal critics who claim it costs too much and will not be able to perform the missions — lighter and attack planned for it.

Pilots who fly the Hornet at Naval Air Station Lemoore in California, the main training base for

Europe Reduces Military Dependence on U.S.

ONDON - Reflecting the trend in the civil sector, European military aerospace is gradually building up its design, development and production capability, with the result that the air and naval forces of Europe are becoming less dependent upon the United States for aircraft and missiles.

Many of the fruits of this progress will be on view at Farnborough. They include the Alpha jet, which France and West Germany proiced in cooperation; the Jaguar bomber (Britain and France); the Tornado bomber (Britain, West Germany and Italy); and the Gazelle, Lynx and Puma family of helicopters (Britain and France.)

These are all projects that are well down the development road; the talk behind the scenes at Farnborough will center on which European nations will collaborate to produce the next generation of military machin One significant step has been taken: The

show opens with an agreement between British Aerospace, Messerschmitt-Bölkow-Blohm of West Germany and Aeritalia of Italy to design and develop a new light fighter/ground-attack aircraft, the ACA, up to prototype stage.

These are the partners that in the last 13 years have been developing the Tornado, and

they plan to utilize the same industrial base, through Panavia, to make the ACA. The Europeans have discovered to their cost that a three-nation project is a lengthy and expensive three-nation project is a lengthy and capturer options, including Jaguars and French Mi made together).

APPLICATION OF THE PROPERTY OF THE PR

the Tornado will be applied successfully to the new project, so that it will be kept within cost and enter service without delay.

ACA stands for Agile Combat Aircraft. It is

planned to have the most advanced electronics, and an airframe that will include a high proportion of composite materials. It will incorporate fly-by-wire, in which the rods and cables normally employed to transfer movements of the control column and rudder pedals. to the moving surfaces of wings and tail are replaced by computer-controlled electronic

British Aerospace, at its factory at Warton in northwest England, has test-flown a Jaguar

fitted with fly-by-wire.

Despite the ACA project, U.S. aerospace has hardly given up its hopes of satisfying European lighter specifications. The United States has made full use of the years of protracted negotiations in Europe to push its advanced aircraft types, particularly developed versions of the General Dynamics F-16, the mainstay interceptor for the Dutch, Belgian,

Danish and Norwegian air forces.

The F-16 broke into Europe during the 1970s in what was known at he time as the 1970s in what was known at he time as the aerospace sale of the century. The Europeans were looking for a successor to their Lockieed F-104 Starfighters, and a furious marketing battle was joined between the U.S. and Europeans. pean industries, the latter offering a number of options, including Jaguars and French Mi-

Had the Americans lost, it would have meant a significant winding down of their aerospace presence in Europe. Their victory, however, ensures that they are deeply embedded in the area at least until the turn of the century, when it will be the turn of the F-16 to

Airbus."

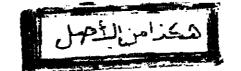
The crucial importance of that sale-of-the century decision can be seen in the fact tha work on the F-16 in Europe, which was ar important factor in the deal, involves 400 corr panies as subcontractors and provides jobs fc 6,000 workers. The four European purchasin countries make components for the main F-1 assembly line, which is at Fort Worth, Texa and there are also assembly lines in the

Netherlands and Belgium.

Since its collaboration with Britain on the Jaguar, France has stayed largely aloof fre international military projects and has conce trated on developing its own line of aircr, and missiles, including the Super Etendard r val bomber, which, carrying France's Exomissile, was used by Argentina to deal gramage to the British fleet in the Falkla

A Super Etendard is to be at Farnborous as are the main versions of the Mirage fightime: the F-1, 2000, 2000B and advanced 4 The French have been competing with the Mirages in world markets against the British

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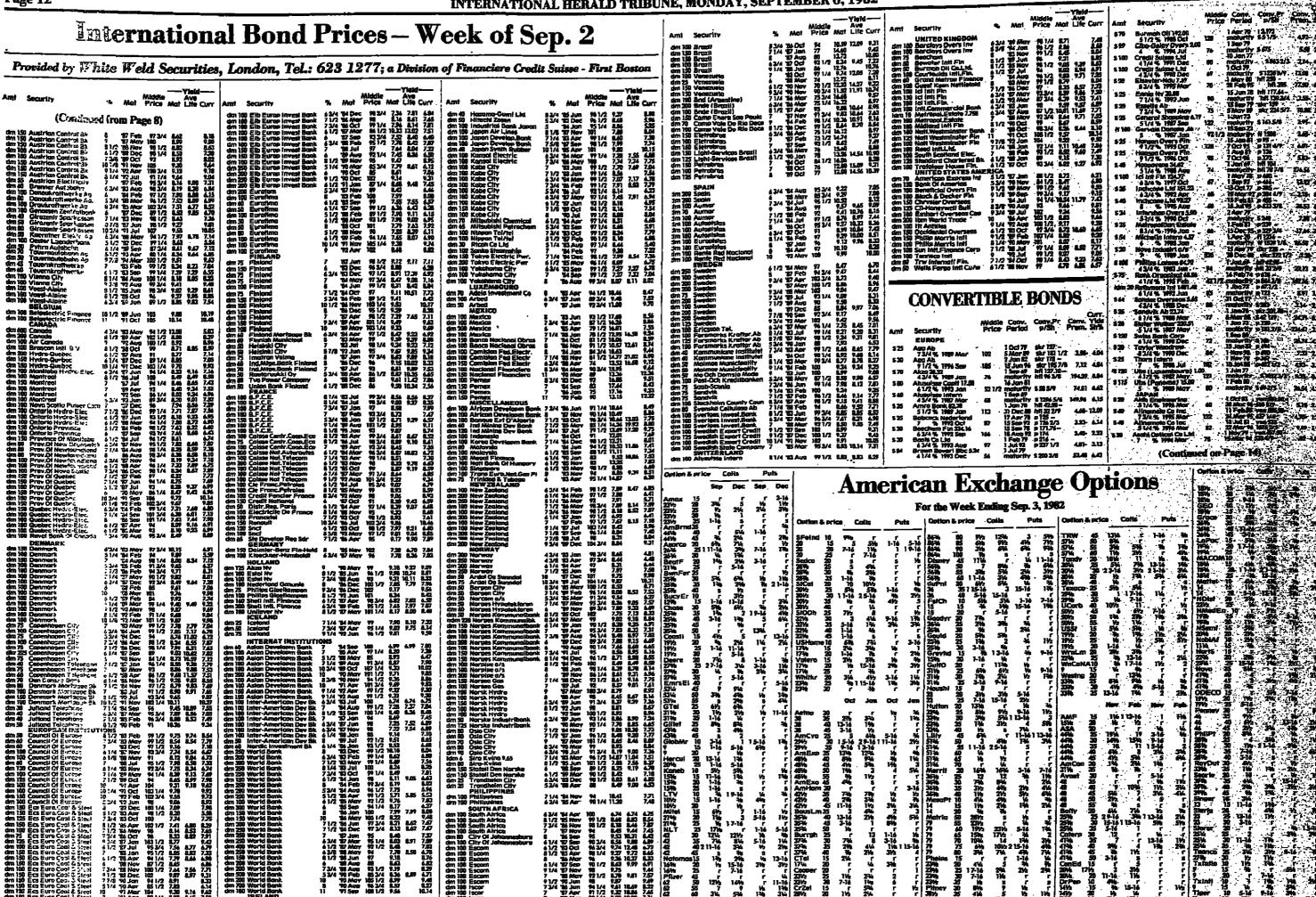
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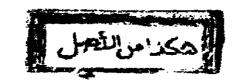
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M-1's Rise Isn't Seen As Threat

By Thomas J. Lucck New York Times Service NEW YORK — The basic U.S. money supply has grown four times in the past five weeks, but credit market analysts see little

The amountement Friday by the Foderal Reserve of a \$1.5-billion increase in the M-1 money supply, to \$456.3 billion for the

U.S. CREDIT MARKET

week ended Aug. 25, caused little change in the credit markets, Inter-est rates rose after the late-afternoon announcement but still ended the day at lower levels than on Thursday.

The \$1.5-billion increase was

slightly above the maximum weekly expansion under the Fed's tar-gers. But combined with the fig-ures of the preceding four weeks, it resulted in a total five-week in-crease of \$5.9 billion, which was just within the Fed's annual growth target.

10 Page 14)

Economists said an unusual factor affecting the expansion of the M-1 measure was the heavy vol-ume of trading on the stock market during the reporting week. They said many investors transferred money to their checking accounts from other forms of bank deposits to make stock transactions. M-1 comprises currency, checking accounts and traveler's

While the money supply in crease was slightly higher than ex-pected by many analysts, it came as no great surprise and was not regarded as likely to have an impact on the course of interest rates.

"It confirms the earlier impression that the Fed has gone as far as it can go in loosening monetary policy," said Thomas Thomson, chief economist at Crocker National Bank in San Francisco. He added that the central bank would now be "stingier" in injecting money into the banking system than in the last five weeks and predicted that this week's money sup-ply report would show little or no

The Fed also reported Friday that the volume of loans by large banks to business and industry during the reporting week had fall-en \$760 million from the prior week, to \$210.3 billion. That loan volume moreover was \$2.1 billion below the level four weeks earlier, reflecting a continuing effort to liquidate inventories and reduce capital spending at many compa-

Some economists said the reduced business borrowing, a re-minder that the recession had not ended, might result in lower interest rates on home mortgages, auto-loans and other forms of consumer

demands won't be putting upward pressure on interest rates," said Maury Harris, vice president and economist for Paine, Webber, lackson & Curtis, the brokerage firm. "And to the extent that there is a immer of hope for the consumer, because the banks may get hun-

U.S. Consumer Rates For Week Ended Sept. 3

Passbook Savings	5.50 %
"All Sovers" Certificates	£15 %
6-Month Savings Certificates	10.12%
Tax-Exempt Bonds Bond Bayer 20-Bond Index	10.74%
Money Market Funds Denoctue's 7-Day Average	9.9 %
Nome Mortgage FitLs.gyerge	17.22%

On Wall Street: Gambles, Pedometers and Chest Pains

By N.R. Kleinfield Hew York Times Service

NEW YORK - It has often been likened to a seep opera. Others prefer to draw their smalogies with a casino. In the past few weeks, people tended to think of it as heaven. They poured their money in and, like figures in a Biblical parable, found themselves enriched.

Over the most recent three-week stretch, a cannonade of trades has blasted the stock market into the biggest buying binge in the history of the New York

Stock Exchange.

If was not a uniformly happy tale. A man named Philip Hehmeyer, a cotton fu-inves trader and president of the New York Cotton Exchange, dropped \$60,000 betting that the stock market would tum-ble, a debacte that may have contributed to his taking his life.

to his taking his life.

What did it all mean? A quirky stampede by market sheep? A harbinger of rosier times? The future of the market is unfathomable. History suggests that it tends to turn up some months before the economy rebounds, though sometimes the economy does not comply. But the convic-tion of many on Wall Street seemed to be that this is a for-real bull market that will last for months. As one seer said: "I think there's still a lot of cash around anxious for a place to park. I don't think this is a flash in the pan."

A lot of people have been caught up in the swirl of events. Some came away quite a bit richer and some quite a bit poorer, but all of them came away with the strong sense that they were touched by history.

Retail Broker

"You want to know what it's been like?" Harold Rubin said. "Start with

Mr. Rubin's office was an orderly sanctuary: black carpeting, plush chairs, a wooden desk with a computer terminal encumbering it. Mr. Rubin is a retail broker for E.F. Hutton; be is routinely one of its bis bissess.

its hig hitters.
These two weeks have been the heaviest buying period for me ever," Mr. Rubin said, explaining the chest pains. "I've been one of the fortunale few who have kept clients in cash the last couple of years, based on a very simplistic view: that you can get 16 or 17 percent in money-market funds risk-free. In the last two weeks, I've been trying to bring client positions down to as little cash as they can live with and

By John Holusha

New York Times Service

DETROIT — The man with the most famous name in U.S. busi-

ness became 65 years old Saturday,

but unlike many other executives

reaching that age, he is not likely to fade quietly from the scene.

executive of the auto company

bearing his name for 34 years, said,

"I'm definitely going to remain on the board. And I'm going to re-main chairman of the finance com-

nittee, at least until the next annu-

When Mr. Ford relinquished the

chairmanship to Philip Caldwell two and a half years ago, he said:

"I believe there are many ways I

can be of service before I retire fi-nally at the age of 65."

Last week he said: "Although

I've been retired as chairman ... I've still been on the payroll. Now, when I become 65 I assume I'll be

off the payroll. I haven't worked it

all out yet. I've got to do that be-

It can be safely assumed that Mr. Ford's wishes in the matter

will be respected. For one thing, he

and his family still control 40 per-

elected."

Henry Ford 2d, who was chief

Henry Ford 2d at 65:

A Sort of Retirement



Brokers watch price monitors on the New York Stock Exchange floor.

put it into the market. So I've spent virtually all my time buying stocks and buying

He stifled a yawn. "It really has gotten to me. I feel under enormous pressure. I'm basically an emotionally hypersensitive person. I'm taking a vacation this next week and going to New Hampshire. It's easily postponable but I welcome the week away from here. I'm beat at the end of the day. No baloney."

The money has been a nice balm, "It's been a bad year for the brokerage community," Mr. Rubin said. "My own year has been weak. This month has been a good one. In fact, it's been the best month I've

He shook his head and chuckled, "It's amazing the idiocy of how you can be so negative two weeks ago and so exhilarated

Linda Islowitz has always loved the market. Loved the thrill of seeing the stocks bob up and down. Loved the treasure-hunt excitement of it all. The last couple of years, with the market dozing, she has steered clear, sticking with bonds. But then the market went berserk and she succumbed again. Miss Islowitz got out her purse. She called her Paine

Webber broker. "I've taken a shot at the

over-the-counter market, the penny stocks," she said. "I just felt I had to take

a samble. I've been waiting for the right

point out during his tenure as chairman, his name is still over the

Given Mr. Ford's penchant for

running through senior executives,

auto industry observers have been

alert for signs that he is reasserting control over the company.

1968, to be replaced by Semon E.

Knudsen, who lasted just 19 months to be replaced by Lee A.

lacocca, who was abruptly dismissed in 1979, to be replaced by

So far, however, there have been

few signs of a retaking of the reins.

While retaining his positions on the board and finance committee,

he has shown little interest in day-

In a recent interview with a trade journal, John J. Telnack, Ford's chief designer, was asked whether Mr. Ford still influences

the styling of the company's cars. Mr. Telnack said, "He still looks

but, believe it or not, he has very little influence — he doesn't try to

Despite its size and diversity

(the aerospace division is a leading

maker of communications satel-

to-day details.

Among Mr. Ford's potential sceessors, Arjay Miller left in

time and this looked like the right time." She bought four stocks, but forgot the names. How did she pick them?

They just hit me. I was looking at the stocks in the paper. Some nights when I can't sleep, I look at the tables. And I save the papers. I compare the prices and see how fast they go up. These have been itch-ing me. I had to have them."

Was it just the roar of the market that vanked her in?

"I also had just been robbed and I decided to take whatever I had left and invest it before they took everything." Miss Islowitz does not work; she is in-

dependently wealthy. Has the market been kind to her? "No. They owe me a lot of money. I've bought stocks that they told me were a sure thing. They said, 'Linda take it, it's a sure bet.' There was this one stock, Electric Equipment or something. I bought it

for 10% a share. When it got to a quarter,

I didn't want to know about it. I bought one stock and they told me later to use it

Two-Dollar Broker

as wallpaper.'

David Shields disposed of some orders over at Post 12 on the Big Board's trading floor, committed some hurried scribblings to paper and made a blazing-fast phone call. A lean man with an angular jaw, he is a two-dollar broker. He owns a seat on the exchange but does not work for a particu-

help on the floor.

Many people tasted the sweetness of the market's fruits during the big spree. but few feasted as well as the two-dollar brokers, who got the name back when the commission was \$2 per 100 shares. Now, with negotiated fees, the commission var-

lar brokerage house. Instead, he executes orders for retail brokers when they need

"On some days, my volume doubled or tripled," he said. "It was just coming from everywhere. I was laying off orders on specialists and other brokers to get them done. Instead of standing around and spending time in one stock. I'd be cruising five stocks. There was a lot more moving around. People have put on pedometers down here. They talk about doing 10 miles on big days. I don't know, but I surely have been walking a lot."

Were these his best weeks this year?
"Oh yeah," he answered. "Two best weeks this century. Two best weeks since 1792. Since the Buttonwood Tree.'

Other floor brokers, alas, could only bang their heads against the wall. Arthur Cashin Jr., a floor broker for Paine Vebber, spent the first two weeks of the rally weaving through Disneyworld, where no stocks are traded. "It was a great sense of frustration, listening to the radio day after day and hearing about record volume," he said. "It was a little like the old firehorse hearing the bell and not being

Money Manager

Kenneth Rolland, an executive vice president of Chemical Bank, minds \$11 pillion in institutional money and trust funds. During the first six or seven days of the market's move, he guesses he shoveled some \$500 million into the stock market and perhaps another \$300 million into bonds. "We bought a fair amount of MCA, Arizona Public Service, Syntex, Sears, some IBM," he said.

All the buying reduced the cash posi-tion of the funds to about 15 percent, as low as Rolland plans to go; it had been up about 40 percent in the spring. Now, he is back to dumping a mere \$25 million or so a month into the market.

He looks for some retreat in prices now, but continued long-term growth. "Markets dance to their own tunes. Short-term, they can look a little funny to people. But long-term, they're pretty good prognosti-

U.S. Softens Its Stand on Debt Woes

(Continued from Page 7)

the World Bank. The best hope of the down and out, the president said last year, was the stimulus from a stronger U.S. economy combined with the magic of the marketplace."

Now the president's key eco-nomic advisers, such as Mr. Regan and Treasury Undersecretary Beryl Sprinkel, are conceding openly that both lending institutions, the cornerstones of the postwar economic system, should be strengthened.

Mr. Regan announced last week that the United States favors a poorest countries.

'modest" increase in the resources of the fund but one that would be far short of the doubling favored by most other countries. Mr. Regan also spoke of reasserting the U.S. commitment to the World Bank, the 144-nation sister institu-

Despite budgetary restraints and congressional skepticism, he notedthe administration had won congressional authorization for the full \$3.24 billion that the Carter administration had committed as the U.S. contribution to the World Bank's special aid program for the

OPEC Aides Are Said To Back a Price Rise

BAHRAIN - OPEC experts, meeting after Saudi Arabia warned that high-quality oil prices had to rise quickly if the kingdom was to continue defending the group's base tariff, have backed an increase of up to \$2.30 a barrel, the Middle East Economic Survey said Sunday,

The Nicosia-based newsletter said a majority of the OPEC expert committee thought the price of extra-light African crudes should rise to between \$37 and \$37.80 a barrel. The committee, which met last

week in Vienna, will recommend to OPEC's market monitoring committee in Abu Dhabi on Sept. 20 that the differential, the amount added to the base price to allow for higher quality, should be in-creased on African crudes by between \$1.50 and \$2.30 from the present \$1.50.

Any change would have to be approved by a full ministerial meeting of all 13 OPEC members. The newsletter said the experts'

McDonald's Corp. Plans Restaurants In Yugoslavia

CHICAGO - McDonald's Corp., the hamburger chain, is looking for markets in Eastern Europe and already has plans for restaurants in Yugoslavia.

McDonald's chairman, Fred L Turner, said Friday that Yugosla-via held the best prospects for suc-cess because it has a "strong middle class and infrastructure on the supply side."

Mr. Turner said the company, based in Oak Brook, Ill., is growing Idaho potatoes in Poland on an experimental basis for possible export to the Netherlands. "It is not a significant quantity of potatoes, but ultimately to get into Eastern Europe we'll need barter for exchange," he said. A year ago, McDonald's had an

greement with Poland in which a McDonald's restaurant would be one-third owned by the Polish government, one-third by a proprietor and one-third by McDonald's, but the plans were postponed because of the political situation. Discussions with Hungary and East Germany also have taken place, Mr.

Krediethux Indices

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group was formed after the Saudi oil minister, Sheikh Ahmed Zaki Yamani, warned that OPEC had to act quickly on differentials if it wanted the kingdom to continue propping up OPEC's \$34 a barrel base tarill.

Saudi Arabia, whose production the newsletter said fell to a 10-year low of below 5.5 million barrels a day last month, pressed unsuccessfully for higher African differen-tials at an OPEC meeting in Vien-na in July. That session ended in disarray and without producing an

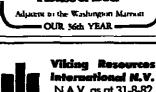
agreement. The newsletter said that such Gulf producers as Saudi Arabia and Kuwait were incensed about the competitive disadvantage of their oils against African crudes because of differentials.

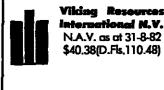
It added that the African pro-ducers — Nigeria, Libya and Al-geria — had reservations about increased differentials and refused to join in recommending specific fig-ures. But it said they agreed in principle that adjustments in OPEC prices would be in order.

The newsletter said the experts agreed that Gulf producers would raise differentials by the traditional one-third of any African in-

Indonesia indicated it intended to cut its differential on Minas crude by 44 cents a barrel and Ec-uador said it wanted to reduce its differential by \$1 a barrel.







INFORMATION:

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Gold Options (pices in \$/02.) 31.5034.50 47.90-51.00 56.00-60.00 20.00-23.00 97.00-47.00 47.00-51.00 12.50-15.50 28.00-32.00 37.00-41.00 ---- 15.50-19.00 27.00-32.50

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lites) Ford reported losses of more than \$1 billion in both 1980 and cent of the stock of the company, which had worldwide sales of \$38 1981 and is expected to lose between \$200 million and \$300 milbillion in 1981 despite the slump in

ginning early next week."

September, 1982

Ford's share of the U.S. auto

market has shrunk from 23.6 per-cent in 1978 to 16.6 percent last

year, largely because it had few of the smaller, more fuel-efficient car

models favored by buyers. Ana-

lysts have attributed much of the

blame for this lack of up-to-date

products to decisions made by Mr.

However, according to David Lewis, a professor of business his-

tory at the University of Michigan.

Mr. Ford is also responsible for company's current viability,

"He was the one that took the ma-

jor interest in developing business

overseas when some others were obsessed with the American mar-

ket," Mr. Lewis said. "Ford owes

Ford in the late 1970s.

him a lot for that."



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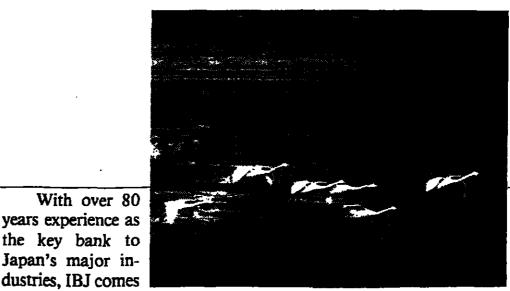
Gulf International Bank B.S.C.

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I SINGLE ISSUE

International Bond Prices — Week of Sep. 2

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

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ZERO-COUPON BONDS

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\$157/6

5372/3

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Explanation of Symbols

Chicago Exchange Options

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ANNOUNCEMENT NO. 3/82

Pre-qualification for: New Dubai Sewage **Treatment Plant**

Dubai Municipality invites experienced and competent contractors wishing to tender for the above mentioned project to apply for a copy of pre-qualification document for the submission of data on which their capability of constructing and maintaining the works may be assessed.

The project comprises the construction of a new sewage treatment plant with a capacity of 130,000 m²/day average flow, and the construction of 5 No. pumping stations and approx. 100 km of sewage pumping mains.

The project will be carried out in two separate lots as follows:

> Lot DS 51 - Sewage Treatment Plant Lot DS 52 - Pumping Stations and Pipe Lines

For each of the two lots separate applications for pre-qualification will be submitted for each of the following classifications of works:

> - Civil Engineering — Mechanical Engineering Electrical Engineering

Contractors who wish to pre-qualify for one or several classifications can obtain one copy of the pre-qualification document from the Tender Section of the Dubai Municipality on payment of U.A.E. Dirhams 3,000.

pre-qualification documents will be 9th October, 1982. The closing date for the return of the completed

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NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The Extraordinary General Meeting called for June 1st 1982 could not be held as the quorum required by the law could not be formed; consequently a second Extraordinary General Meeting will be held at its registered effice, 14 rue Aldringen, Luxembourg, on Tuesday 21st September 1982, at 11:30 o'clock.

Amendment of article 8 - paragraph 2 - of the statutes to change the date of the Annual General Meeting of Stockholders to the less Tuesday of the month of July beginning with the Meeting to be field in 1983. The rest of the article remains unchanged.

Amendment of article 16 - paragraph A - section 2 - line 2 of the samues to

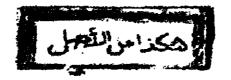
read:
"The value of all securities (shares, bonds, subscription rights or warrants) for which there exist market quotations will be fissed according to the most regent selling price available on valuation day on the principal corlings where the securities are quoted, or . . . (the rest of the sentence is machanged)."

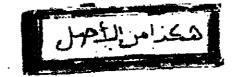
The resolutions on the agenda of this second Extraordinary General Meeting do not require a specific quarum and wil be adopted if approved by a majority of the abares present or represented.

shares present or represented.

To attend the Extraordinary General Meeting of Shareholders of 21 September 1982, owners of registered shares should have their names recorded in the company's register of shareholders live working days prior to the Meeting and owners of hearer shares deposit their shares at least live working days prior to this. Meeting with one of the following banks:

THE BOARD OF DIRECTOR





Despite Strong Business, Litigation Forces Manville to File for Reorganization

Attention: Manville Corporation Shareholders, Employees, Customers, Suppliers and Creditors

On Thursday, August 26, Manville Corporation and its principal American and Canadian affiliates filed voluntarily for reorganization under Chapter 11 of the U.S. bankruptcy laws.

In the following interview, John A. McKinney, Manville's Chief Executive, answers questions about the background of this startling development:

Q. Mr. McKinney, this announcement was a surprise. What's wrong with Manville's

A. Nothing is wrong with our businesses. Filing Chapter 11 does not mean that the Company is going out of business or that its assets will be liquidated. Thousands of asbestos-health lawsuits are the problem! We're the American and world leader in a number of markets, mostly related to construction. During the current recession our sales have held up well and we've operated at better than break even (if you exclude litigation expenses). We've slimmed down too, having eliminated more than 1500 salaned jobs in the last six months. We'll continue to generate substantial cash flow. Our Chapter 11 lawyers tell me Manville has stronger businesses and cash flow than any other big company that's ever filed.

Q. Your businesses are in good shape, but you filed under Chapter 11? Why?

A. We're overwhelmed by 16,500 lawsuits related to the health effects of asbestos, with many more projected. The U.S. government has refused to admit its responsibility to its shipyard workers. Congress has failed to act to provide compensation for claimants. Chapter 11 is the only orderly way for the Company to handle the litigation and treat everybody fairly. You may have read recently that another publicly held asbestos manufacturer has taken the same step.

Q. Could you have avoided Chapter 11? A. No. To avoid Chapter 11, we would have had to strangle the Company slowly, by deferring maintenance and postponing capital expenditures. We would also have had to cannibalize our good businesses just to keep going. If recent trends had continued we would have had to mortgage our U.S. plants and properties and new credit would be most difficult and expensive to obtain. This is no way to go forward. Chapter 11 avoids these problems and preserves our

Q. Will Manville go out of business?

No. Our businesses will keep operating, very smoothly, we believe.

Will any of your 25,000 employees lose their jobs?

A. I don't think Chapter 11 will cause a single employee to lose a job, pay or benefits. In fact, we believe Chapter 11 is the best way to permit the Company to operate normally, providing jobs nd useful products, despite all the litigation. Most important. I want to keep our employe morale up. They've done a bang-up job to keep Manville lean and competitive.

Q. Can you pay your suppliers? A. We don't expect any significant problem in making full, timely payment for new shipments

Q. What effect will Chapter 11 have on your customers?

A. None. We will continue to manufacture and ship high-quality products and provide the same services, as always.

Q. What will happen to the lawsuits?

A. The Chapter 11 filing automatically stops all lawsuits pending against us. New lawsuits are also automatically stopped. We hope to establish an effective system to handle these claims in Chapter 11.

Q. What are all these lawsuits really about?

A. It's along story. Here's the bottom line. Not until 1964 was it known that excessive exposure to asbestos fiber released from asbestos-containing insulation products can sometimes cause certain lung diseases. Since the mid-70's, lawsuits have been brought in the U.S. against Johns-Manville, our subsidiary, on behalf of nearly 20,000 people alleging injury from excessive asbestos exposure. We have disposed of about 3,500 of these cases by settlement or trial. In a significant number of cases tried, juries have found that we were not at fault and acted responsibly in light of then-existing medical knowledge. Nevertheless, new lawsuits have been coming in at a rate of 500 a month—every month! In the absence of Congressional action, the board of directors concluded there is no conceivable resolution to this burden, other than Chapter II. Just to put it in perspective, Newsweek has stated that asbestos health litigation surpasses in size all the automobile accident suits pending across the nation before no-fault insurance laws were adopted.

Q. 20,000 plaintiffs? 6,000 new ones a year? Where are these suits coming from? A. Well, many of them come from workers in shippards and industries which used our asbestos fiber and products. Decades can pass between excessive exposure to asbestos and onset of the disease. For instance, there was asbestos insulation on the steam pipes and boilers in most ships built or refitted during World War II. The largest group suing us now consists of shipyard workers claiming recently manifested injury from asbestos exposure during wartime service, 40

Q. What about your insurance? Shouldn't the insurance companies take care of the problem?

A. Over the years, Johns-Manville Corporation's former insurance broker bought insurance coverage for it totaling hundreds of millions of dollars. Right now, however, only one company is paying, and it pays only a small part of each claim.

Q. Why is that? A. The whole subject disgusts me. Now, when we need the coverage, with one exception, the insurance companies are reneging. We sued them all in California in early 1980 to force payment. You won't believe it, but even now, 30 months later, we still aren't sure which judge will preside over the case. As a result the case has gone nowhere. As much as anything else, the bad faith of insurance companies has made it necessary for us to take this action. I have instructed that our damage claims in the California case be increased by five billion dollars to partially compensate creditors and shareholders for their losses.

Q. How much do the asbestos lawsuits cost you? A. Including our outside legal fees, the cost is currently over \$40,000 per case. This is sharply higher than our averages in prior years. Internal legal staff costs are also substantial.

Q. If all 16,500 lawsuits now pending cost \$40,000 apiece to settle, that would total \$660 million. Without payments from your insurance companies, your problem is obvious.

A. Right. And that doesn't take into account the cases yet to be filed. Talking about legal costs, one of the truly outrageous aspects of this situation is the amount of money being poured down the drain in litigation expenses and contingent fees paid to plaintiffs' lawyers. Our best guess is that the injured worker receives less than a third of the total cost of these suits. The court system. with separate individual trials, is too inefficient and haphazard for a massive problem like this. We need an effective, practical national system which delivers maximum payments to injured workers, minimizes the costs of delivering those payments and withholds payments to those with no disability.

Q. What do you mean by haphazard?

A. There is no better word to describe our experience to date in the litigation. We had one suit from a plaintiff with doubtful asbestosis who had retired on a full disability pension with a broken ankle. He received an additional award for asbestos disease of one and a quarter million dollars. We have seen others totally disabled or in fact dead who received no award from the jury. In one recent trial in Texas, five separate juries hearing five different cases were empaneled and heard the same evidence before the same judge in the same courtroom at the same time. Their findings ranged from no liability to punitive awards. Maybe haphazard is too weak a description. This type of toxic tort litigation is an intolerable gambling exercise for both plaintiff and defendant.

Q. Why did you file now? A. We're a public company. We are required to comply with certain accounting requirements. Under these rules, we're supposed to estimate the costs of current and probable litigation whenever possible and create a reserve for the liability in an amount equal to the estimate. When the asbestos cases began to proliferate, we couldn't estimate their probable number or cost, and our auditors qualified their opinion about our financial statements. When we found that the number of new cases was not declining and our "data base" of pending cases was large enough to assist in making projections, we hired epidemiologists and other professionals to develop an estimate of probable future disease cases. Early this month, they finished their work. On the basis of their work so far, we forecast that we could get at least 32,000 more lawsuits on top of the 20,000 already asserted. Some people outside Manville have estimated many more claims than

Q. A total of 52,000 lawsuits at a cost of \$40,000 apiece could mean a total cost of two billion dollars and that doesn't include an inflation factor. Could Manville afford It?

A. Not on our own. Our businesses are strong and viable but they might not be able to pay a bill that big. Even if we could pay, without the protection of Chapter 11, it would cripple us. The cost of handling paperwork for this number of cases is staggering. We have to incur that cost in all events and sometimes we are pressured by the courts to pay settlements without court determination that disability exists. We also might have to sell good businesses to raise cash. In Chapter 11, we can keep those businesses going and use their earnings to pay our liabilities. And timing is of course a problem. We have limited control over the timing of lawsuits and little ability to match timing of litigation payments against available cash. Disregarding the litigation, we are a low-debt company with a book net worth of \$1.1 billion. When a reserve is booked, net worth must also be reduced. The booking of a large reserve now for current and future asbestos health liabilities would wipe out most of our net worth. Without showing a good-sized net worth on our balance sheet, affordable credit would have dried up, and we simply could not have operated. So, when our board of directors learned this month of the probable need for a large reserve, it considered the options and concluded we had to file for relief under Chapter 11. Q. How do you feel about this?

A. Awful. I've never had to do anything I hated more. Our loyal suppliers, lenders and shareholders all may suffer losses for their credit and investment exposure before our Chapter 11 filing. Losses could be very, very large for our present shareholders. Then, too, the many people who do have disabling injuries from excessive exposure to asbestos will be hurt. Their claims will be delayed and reduced. Still, it seems to us that the only orderly way to treat everyone fairly is through a court-supervised Chapter 11 proceeding.

Q. Most people think disabled workers are fully protected by workers' compensation. How is it they can sue you?

A. You're partly right. Workers' compensation covers an employer's liability to its employees for injury in the work place. The law has been interpreted to make "employer" and "employee" very restrictive terms. This means that a 1940's employee of a shipyard can get workers' compensation from the shipyard, but he can also sue us for having supplied the allegedly defective product. I don't agree with that, but the fact is we are being sued in virtually every state because of it.

Q. Isn't there some other national program for people injured while on the job? A. There are programs in other industries, but not for asbestos workers. There should be a statutory compensation program for asbestos injuries. We've tried to get a program passed, but Congress has been preoccupied. This is another reason we've been forced into Chapter 11. No other country uses the court litigation system to provide compensation for occupational

Q. How long will you be in Chapter 11? A. That depends, I've ordered our lawyers to go full blast. One of the biggest problems will be court approval of the estimated amount due in the future to product-liability claimants. Once we get that approval, I think that getting out of Chapter 11 ought to be just a matter of finishing up the legal proceedings. In the meantime, I understand that a company in Chapter 11 is allowed to

conduct its affairs in the ordinary course of business without court approval.

I hope the U.S. Congress will move toward a resolution of occupational disease litigation so that the thousands of citizens and voters caught up in this problem will be spared the expensive, inefficient and haphazard litigation system we have been saddled with. I also hope the U.S.

government will step up to its responsibilities for having played a role in creating the disease Q. Is there anything else to know?

A. Yes. You should know that I and the people who work for the Company have turned every stone at least once seeking an out-of-court solution to this problem. Chapter 11 hurts, yes. However, our board believes Chapter 11 is the best way to protect our businesses. We expect to emerge from Chapter 11 stronger than ever. We are determined to make the best of this for everyone involved.

September 6, 1982



disease.

Over-the-Counter



INTERNATIONAL PUBLIC TENDER

SHARES OF **BANCO CONTINENTAL**

(CONTINENTAL BANK)

The Corporatión de Fomento de la Producción, CORFO (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 27,523,954 shares of Banco Continental, which represents 55.05% of the share capital of the Bank.

Rules and Background data covering this tender are available to investors, at Moneda 921, Suite N° 822, Santiago, Chile, or at CORFO New York, One World Trade Center, Suite 5151, N.Y. 10048, subject to payment of a 5,000 pesos fee (or U.S. \$ equivalent). Proposals should be forwarded in a sealed envelope, in duplicate, to: Vice-Presidente Ejecutivo, CORFO, Moneda 921, Suite Nº 825, Santiago, Chile, no later than 10.00 a.m., September 27, 1982. All proposals will be opened before interested parties by CORFO's Secretary General, who will administer this activity. CORFO reserve the right to accept the offer which, in their judgement, they deem to be in their best interest, or to reject all offers without offering explanations.

> MINISTER EXECUTIVE VICE-PRESIDENT CORFO SANTIAGO, CHILE



INTERNATIONAL **PUBLIC TENDER**

SHARES OF COMPANIA CHILENA DE NAVEGACION INTEROCEANICA S.A.

(INTEROCEANIC CHILEAN NAVIGATION COMPANY)

The Corporatión de Fomento de la Producción, CORFO (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 71,997,475 shares of Compania Chilena de Navegacion Interoceanica S.A., which represents 92.91% of the share capital of the Company.

Rules and Background data covering this tender are available to investors, at Moneda 921, Suite N° 822, Santiago, Chile, or at CORFO New York, One World Trade Center, Suite 5151, N.Y. 10048, subject to payment of a 5,000 pesos fee (or U.S. \$ equivalent). Proposals should be forwarded in a sealed envelope, in duplicate, to: Vice-Presidente Ejecutivo, CORFO, Moneda 921, Suite N° 825, Santiago, Chile, no later than 10.00 a.m., October 8, 1982. All proposals will be opened before interested parties by CORFO's Secretary General, who will administer this activity. CORFO reserve the right to accept the offer which, in their judgement, they deem to be in their best interest, or to reject all offers without offering explanations.

> MINISTER EXECUTIVE VICE-PRESIDENT CORFO SANTIAGO, CHILE



INTERNATIONAL **PUBLIC TENDER**

SHARES OF COPEC COMPANIA DE PETROLEOS DE CHILE S.A.

(CHILEAN PETROLEUM CO. S.A.)

The Corporatión de Fornento de la Producción, CORFO (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 84,941,632 shares of Compania de Petroleos de Chile, S.A. (COPEC), which represents 14.16% of the share capital of the company, of which 45,763,717 shares belong to CORFO and 45,763,717 belong to ENAP (Chile's State Petroleum Company),

Rules and Background data covering this tender are available to investors, at Moneda 921, Suite N° 822, Santiago, Chile, or at CORFO New York, One World Trade Center, Suite 5151, N.Y. 10048, subject to payment of a 5,000 pesos fee (or U.S. \$ equivalent). Proposals should be forwarded in a sealed envelope, in duplicate, to: Vice-Presidente Ejecutivo, CORFO, Moneda 921, Suite Nº 825, Santiago, Chile, no later than 10.00 a.m., September 27, 1982. All proposals will be opened before interested parties by CORFO's Secretary General, who will administer this activity. CORFO reserve the right to accept the

offer which, in their judgement, they deem to be in their best interest,

or to reject all offers without offering explanations.

shares which are under CORFO control.

MINISTER EXECUTIVE VICE-PRESIDENT CORFO SANTIAGO, CHILE

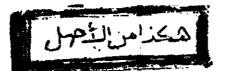
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U.S.A. Sucriors N.Y.C.

Schmidt's Homer Beats Astros, 2-1 third base, as Cincinnati defeated PHILADELPHIA - Mike the Mets. 1-0. Concepcion opened

Schmidt hit a two-out ninth-inning home run to give the Philadelphia Phillies a 2-1 victory over the Houston Astros here Friday night. Loser Joe Niekro (13-10) retired the first two batters in the ninth

FRIDAY BASEBALL before Schmidt hit a 1-0 pitch for

his 29th homer of the season. Steve Carlton (18-9) allowed only two hits and struck out 12 in becoming the major leagues' first 18-game winner. Aside from a fifth-inning home run by Art Howe, the only Astro baserunner was Danny Heep, who singled in the second

Philadelphia tied the score in the sixth when Manny Trillo walked and scored on a single by Gary Matthews. The run ended Niekro's streak of scoreless innings at 23. Reds 1, Mets 0

in New York, Rick Ownbey's second balk of the game allowed Dave Concepcion to score from

Friday and Saturday Baseball Line Scores Friday's Results

AMERICAN LEAGUE
Alianesota 000 000 220—2 6 1
Baltimore 201 001 000—4 9 1
O'Connor. Felian (5), Little 17), Redierr (8)
and Loudner; Flanagan and Demosev W—
Flanagan, 12-70. L—O'Connor. 6-6. MRs.—Baltimore, Ripken (22), E. Murray (25). 010 000 110-3 8 6 020 001 30s-4 10 0 Lonslord, T.Underwood (6), D'Aquisto (7) and A.Heoffi; Uldur and L.M. Parrish, W—Uldur, 9-7, L—Lonslord, 10-15, HR3—Cokland, Gross (8), Aurohv (27), Detroit, Lago (1), L.A.Parrish (27), Toronto 000 010 001—2 9 0 Clancy, Geisel (4), R.L.Jackson (8) and White.

Apprilinez (6): Anderson, Heaton (6), Brennon (9) and Hossey. W—Anderson, 2-1. L—Cloncy, 11-12. HRs—Cleveland, Harrah (25), Thornton (29). 12. HRs—Cleveland, Harrah (25), Tharnton (29).
Seattle 000 907 615—5 17 1
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F.Bannister, Musselman (2). Andersen (5).
VandeBere (8) and Ession, Svete (6): Tudor,
Burptheler (6), B.Stanley (6) and Atlenson, W—
Tudor, 16-1, L.—F. Bannister, 11-10, HRs—Seattle,
G.Gray (5), T.Chu, (12), Cowens (18). Baston,
Perez (5), Nichols (6), Stanleton (12). W—Perry,8—12 L—Hursi,3—7.

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600 600 300—3 6 6

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Elchborn, D.Murroy (7) and B.Marrinez,
Petrolli (4): Denny, Walts (6), Brennan (7),

Givnn (8), Spiliner (9) and Hassey, W—Brennan.

100 004 000—5 7 1 020 000 000—2 8 D John and Boone; McClura, Porter (2) and Sim-mors. W—John. 11-10. L—McClura, 10-7. W— John. 11-10. L—McClura, 30-7. HRs—California.

John, 11-10, L—McClure, 10-7, HRs—California, Downlag (23), Grich (16), New York 101 000, 100—3 9 1 Kansas City 201 400 000—5 10 0 J.Howell, LaRache (4) and Cerone; Blue, Guisenberry (7) and Wathan, W—Blue, 11-2, L—J.Howell, D-1, HR—New York, Griffey (11), Kantas City, W. Wilson (3). 190 840 000—5 11 1
Chicopo 429 000 01x—7 8 6
Schmidt, Honevcutt (1) and Sundberg; Hoyt.
Hickey (5), Brusster (7), Kern (9) and Fisk. W—
Brusster, 1-0. L.—Schmidt. 4-6. HR—Texas,
L.A.Perrish (12).

Houston 800 010 000—1 2 0 Philiodelphio 900 001 001—2 5 0 J.Nieture and Pujols; Cartion and B.Diaz W— Cartion, 18-1, L—J.Nietura, 13-18, HRs—houston.

Pastore, Lesley (9) and Van Gorder; Ownbey and Hodges, W—Pastore, 8-10, 1.—Ownbey, 8-2. Allonto 216 (20) 006—4 10 8 Montreal 209 610 000—3 8 0 P.Niekra, Bedrosian (6) and Benedict; Lea. B.Smith (7) and Carter, W—P.Niekra, 143. L—

San Francisco 100 000 001 1-3 9 1 Forsch, Suffer (8) and Tenoco, Parter (10); Hommalter, Holland (8), Minton (10) and May, Brenty (10), W-Mainton, 9-4, L-Suffer, 8-7.

the fourth inning with a walk and then stole second. He moved to third on a single by Dan Driessen. Ownbey (0-2) retired the next two

batters before his attempt to pick Driessen off first was ruled a balk. Braves 4, Expos 3

in Montreal, Claudell Washington his a three-run homer in the fifth to lead Atlanta over the Expos. 4-3. Winning pitcher Phil Niekro (14-3) started the inning with a single.

Padres 3, Cubs 0

In San Diego. Eric Show, backed by four double plays and three hits by Terry Kennedy. pitched a five-hitter as the Padres blanked Chicago, 3-0. It was the second shutout and second complete game of the season for Show

Pirates 3, Dodgers 2

In Los Angeles, back-10-back singles by Johnny Ray and Bill Madlock drove in two runs in the

Samrday's Results

Texas 500 000 000—0 4 9 Chicoso 511 000 024—4 19 8 Tanana and Sundbera: Dotson and Fisk W-Dotson, 10-11, L-Tenana, 6-14, 11R—Chicoso, Luzinski (17). 101 800 008-2 7 2 110 032 10x-8 15 0 Municipies

Tioni, Curtis (6), Kison (7) and Ferguson:
Vuckovich and Starmons, W—Vuckovich, 16-4,
i.—Tioni, 2-2.

1—2 L—D.Murray,8—5.

New York 916 989 911—3 7 2

Konsos City 900 900 710—2 & 0

Rowley, R.Mor (*) 90d Cerone: Gura om without W—Rowley, 10—8. L—Gura, 17—9.

HR3—New York, Piniella (5), Winfield (27).

Ookland 916 900 929—4 11 8

Detroit 916 900 929—4 11 8

Nacris and Newman; Rucker, Rathschild (6), Salley (8), Sasa (8), P. Underwood (9), Tobik (9) and L.M.Parrish, W—Norris, 7—9. L—Sosa, 3—3.

HR3—Ookland, Armas (23). Detroit, Whitaker (13). MATIONAL LEAGUE

New York, Kingmon (32).
Attents 000 009 100—1 7 0
Montreel 201 001 00x—4 10 0
Perez, C.Diaz (5), Alvarez (A), Daviey (7) and
Stnotra, Benedict (7); Sandarson, Raurdon (7)
and Corter, W.—Sonderson, 9-10, L.—Perez, 8-4,
H.R.—Montreel, Cromortis (12),
Chicopo 008 601 000—1 3 2
Son Diago 008 601 000—1 3 2
Son Diago (enkilos, Kromer (6), W.Hernotyley (8), and Chicago 006 851 000—1 3 2 San Diego 020 80x—4 11 (Jenkins, Kravec (6), W.Hernandez (8) and Jenkins, Kravec (a), Warnelly Manager (a), and J.Davis: Lollar and T. Kannedy. W—Lollar, 13-8. L—Jenkins, 18-14, HRs—Chicago, J.Davis (10).

Son Diego, T.Kennedy 2 (18).

Son Diego, T.Kennedy 2 (18).

Pittburgh 100 000 000—1 4 5

Los Angeles 000 000 000—0 6 0

Tunnel, Scurry (8), Takolve (8) and T.Pena;

Volenzuela and Veoger, Scloscia (9).

W-Tunnel, 1-0. L.—Valenzuela. 17-11. HR.—Pittsburgh,

Lacy (4).

St.Louis

LaPoint, Bair (7), Koat (9), Sutter (9) and D.Porter: Demusey, Chris (3), Barr (4), Lavella (8) and Brenty. May (9), W—Lovelle, P4. L— Sutter, P4. HRS—51.Louis, McGee (3), San Fran-cisco, Clark (24).

seventh and Pittsburgh went on to edge the Dodgers, 3-2

Giants 3, Cardinals 2

In San Francisco, Chili Davis led off the 10th with a triple and scored on Darrell Evans' sacrifice fly to lead the Giants past St. Louis, 3-2. Greg Minton (9-4) pitched one inning of hitless relief for the

Angels 5, Brewers 2

In the American League, in Milwaukee, Tommy John scattered eight hits and Brian Downing and Bobby Grich hit home runs in leading California over the Brewers, 5-2. John, acquired last week by the Angels from the New York Yankees, allowed only one baserunner over the last five innings in boosting his record to 11-10. He struck out four and walked one for his 10th complete game of the season.

Indians 3, Blue Jays 2

In Cleveland, Toby Harrah and Andre Thornton hit back-to-back first-inning homers to pace the Indians' 3-2 victory over Toronto.

Bud Anderson, making his second major-league start, pitched the first five innings for his second victory seriest one less. against one loss.

Orioles 4, Twins 2

In Baltimore, Cal Ripken and Eddie Murray hit home runs and Mike Flanagan won his 12th game of the year as the Orioles defeated Minnesota, 4-2.

Red Sox 10, Mariners 8 In Boston, Reid Nichols hit a three-run homer and Dave Stapleton drove in three runs with a tworun double and a home run as the Red Sox outscored Seattle, 10-8.

Tigers 6, A's 3 In Detroit, rookie Mike Laga hit his first major league homer, with a man aboard, and Lance Parrish added a home run as the Tigers downed Oakland, 6-3. Jerry Ujdur (9-7) pitched an eight-hitter and struck out nine for his eighth triumph in his last 10 decisions.

Royals 5, Yankees 3 In Kansas, City, Mo., the Royals hit five consecutive singles in the fourth inning to score four-runs and defeat New York, 5-3. In the third, Willie Wilson hit a Jay Howell pitch into the right-field corner for his 10th career inside-

White Sox 7, Rangers 5

the-park homer.

In Chicago, Greg Luzinski drove in three runs to lead the White Sox to a 7-5 triumph over Texas. The Rangers scored a run in the first, but Chicago got four in their half, of the inning as Dan Schmidt (4-6) failed to retire a batter. Texas racked up four runs in the fifth, capped by Larry Parrish's two-run homer that pulled the Rangers within 6-5. Jim Kern, the fourth Chicago pitcher of the night, worked the ninth. He got Buddy Bell on a grounder to short before walking Parrish, but fanned Lamar Johnson and left Dave Hostetler looking at a called third strike.

> More Sports On Page 19



Tommy John A 5-2 winner over Milwaukee.

Major League **Standings** NATIONAL LEAGUE

CFL Standings EASTERN DIVISION

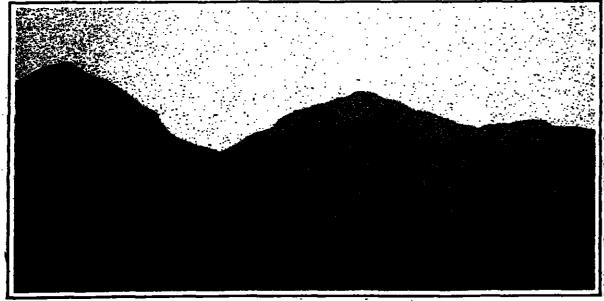
WESTERN DIVISION

NASL Playoffs

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(Best of three)
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Sept. 8 — Seattle of Fort Landerdale
s-Sept. 10 — Fort Landerdale at Seattle Sept. 5 — San Diego at New York Sept. 8 — New York at San Diego x-Sept. 11 — San Diego at New York

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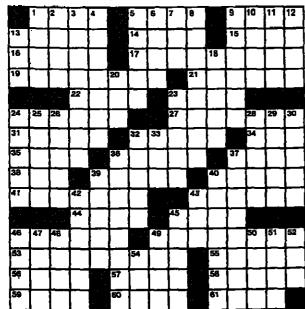
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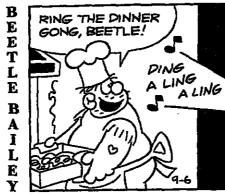


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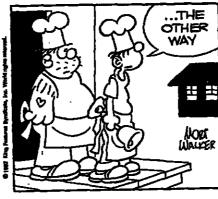




















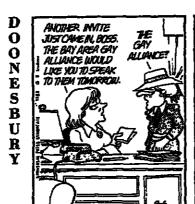
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into but likely to cause indigestion if a reader overindulges. It is the story of celebrity-seeker Charlene Bromley and her daughter Iris. Charlene, a red-Exposed Societal Nerve "The Only Place to Be" touches an "The Only Place to Be" touches an exposed societal nerve: the national mania with the rich, the famous and the pedigreed. Charlene and Iris are symbolic of our craving to be celebrities or, if that isn't possible, to stand close to someone who is — as if the element could rich off and he used stant search for the ultimate society fix. Iris, weaned from her baby bottle yearns to be part of the beau monde glitter, but lack of beauty and style

bardment

and chilling gossip. The air palpitated with conflicting smells, the sharp green of Je Reviens, the sienna thrusts of Dealers.

of Detchema, the unchious false re-

pose of Shalimar, the brittle spikes of Femme." Fifty pages of this and most readers will be more than ready for a

respite from the heavy adjectival bom

BOOKS

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THE ONLY PLACE TO BE

Reviewed by Claire Harrison THIS satirical first novel about

By Joan Juliet Buck, 453 pp. \$14.95.

L nouveau riche name-droppers by

Vogue contributing-editor Joan Juliet Buck is like a pink-bowed, frilly box of rich chocolates, tasty for dipping

headed beauty who comes of age in the '50s and is star-struck to the point of obsession, travels from Hollywood to Paris to London to New York, acquiring lovers and husbands in a con-

to a steady diet of social climbing,

condemns her to the role of nonentity. In her desperate search to be more

than a mere hanger-on, Iris takes up journalism and writes tacky expose's

of friends and acquaintances for a National Enquirer-type magazine called Lookout. Not until she has a

love affair with movie star and sex

symbol Kid Crane does Iris learn to

balance reality against the sugary gloss that lies at the heart of celebrity-

The story is set in a rich froth of

words; witty bon mots, clever bilingual double entendres and passages almost suffocatingly high in detail and metaphor. Take, for example, the opening scene in a chic Parisian respensing scene in a chic Parisian respension.

taurant where Charlene is lunching her dejeuner outfit demonstrating "a

certain boldness in the latest style and . . . jewelry of the primitive de-

sign favored a quarter century ago: freshly-mined hunks of mineral im-

prisoned in smudges of gold wire were skewered into the nubbly curry-

colored tweed of her suit. At the other

giggled softly, pale mink coats spitting over the backs of their chairs to reveal

satin linings embroidered with flowers

and initials." In the back of the res-

tancant, "a sleek beige gloom pre-vailed, conducive to longer funches

Solution to Friday's Puzzle

NOEL JASIS NED INDUCTOR UTCH LONGS ERECT PARLORMAID YALU

tables beautiful women in little hats

glamour could rub off and be used condhand. The theme is developed to its ultimate absurdity, the characters shown in every vice and folly that accompanies sycophancy and its counterpoint, egotism Iris, bred on fan magazines, relates better to photographs than to people; lusty grande dame of the cinema Vivien Legrande thinks nothing of bedding waiters; and Charlene, in her pathetic yearning for heights she will never achieve, learns the saddest truth of all: That fame demands only one thing from those closest to it, and that is insignifi-

But Buck founders in the quicksand of her own cynical wit. She is funny, but she is funny without compassion, and her novel suffers from an exhausting overdose of caricature. She pokes fun at her characters, strips them of their dignity and pins them to a board, watching as they squirm and wiggle. Some are unforgettable. I particularly liked Charles Frantwell.
Charlene's aristocratic and limp English lover, whose hair cream smelled like curdled lemon tartlet and whose lineage stretched "right back to the man who fed the horses on Noah's

And who could forget Iris's first vaudevillian venture into journalism. covering a B-grade society party in a scene of first-class slapstick and pratfalls, with tacky trend-setters, supposedly unique designer dresses colliding head on, and the sleazy, with names like Ritzy Cracker, aspiring to star

Joan Juliet Buck has a stylistic verve and sophistication rarely shown by new novelists, and for readers who demand only a sharp wit, a collage of satirical scenes and caricatures, Only Place to Be" will serve. For those who prefer a novel with engrossing characters and a strong plot, it will be a disappointment.

Claire Harrison is the author of six romance novels, including "Mistaken Identity" and the forthcoming "Summer Magic." She wrote this review for The Washington Post.

BRIDGE

By Alan Truscott

THE chronic worrier who carries an umbrella on a cloudless day is a subject for ridicule, at least until it rains. The bridge player who guards against an unlikely event earns more

Most good players are in the habit of guarding against unlikely suit dis-tributions. Guarding against unlikely high-card divisions can be equally important, as the diagramed deal shows. Taking advantage of the favorable vulnerability. West did her best to confuse the issue by opening the bid-ding in third seat with one spade. North probed for a suit contract, but settled in three no-trump when her partner showed a strong liking for

that contract. A spade lead to the ten and the king left South in a precarious position. If she lost a trick to East, it was clear that the spade suit would be contin-ued with devastating effect.

Most players would congratulate themselves on the fact that West "must" have the diamond king to justify her opening bid. They would finesse confidently, expecting to make at least 10 tricks, and would feel aggrieved at ending up with eight.
But there was a small cloud visible in an otherwise clear sky, and South spotted it: West might have opened sponed it. West ingil have opened very light. There was a line of play that offered a chance of making nine tricks even if East did have the diamond king, and South found it.

She began by leading a club to the ace, and then took three rounds of hearts, ending in her hand. If this suit had failed to break, she would have resigned herself to working on dia-

monds. The contract was still safe if West held the diamond king.

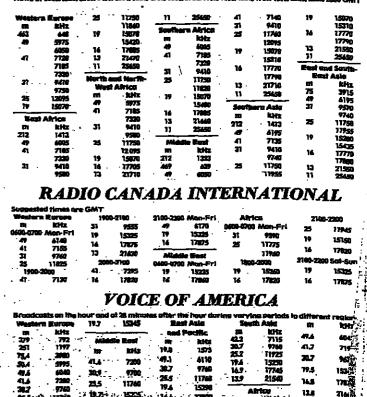
The even split in hearts opened the door to nine tricks in another fashion. A club was led, and West was allowed to win with the queen. West shifted to a diamond, but South rose with the ace and cashed enough tricks to make her contract. She led a diamond at the end, hoping for an overtrick that did not materialize.

West could have made matters slightly more difficult by playing the club queen the first time the suit was led. But South would still have ducked and played the diamond ace if that suit had been led. Then the hearts and clubs could be tested with a diamond play kept in reserve if all else

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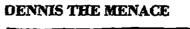
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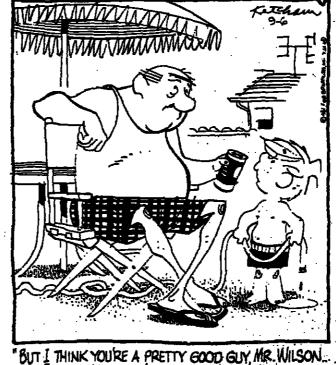
JUMBLE THAT SCRAMBLED WORD GAME
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SPORTS Noah Edges Qualifier; Top Seeds Gain

qualifier, learned that he would be playing on the stadium court against Yannick Noah, the ninth seeded player in the U.S. Open

"I was shaking for about an hour," said Konta, who took Noah five nail-biting, sets before losing Saturday's third-round match. "I was really nervous: I was calling

everybody. I have never experi-enced anything like this." Korita is 19 and ranked 335th inthe world: Nosh is 22 and ranked 10th. Near the end of the match, with the two tied at two sets aplece and four games all, it was Noch's turn to be nervous. He tried to relex. "A match like this, you play four hours, and that's it," he said. It all came down to one point, a

tak point with Nosh serving at

Compiled by Our Sanf From Disputches

FLUSHING MEADOW, N.Y.

Locate it 4-3 and held serve, and then I had a break point, I said, 'I had a break point, I said, 'I had a break and just go for have to stand back and just go for it. If I could hit it, then I could hold my serve" — and close out the match. "And I was that close." Close doesn't count that much. Konta's return sailed long,

When Noah broke Korita in the sext game to win, 7-5, 6-7, 6-4, 3-6, 6-4. Noah finally took a deep breath. "His serve was the best I've ever played against." Noah said. 'it was a very close match. He just missed two or three easy volleys. That was the difference."

Although Noah's serve was broken only twice in the fourth and fifth sets, Korita was tenacious. Down two points in the second set tie breaker, he won six points in a row. In the fourth set, he took a 3-O lead that he never lost and forced Noah to a deciding set, which proved to be the difference be-

Noah smiled: "They are better than the guys in the main draw."

There were no Cinderalla stories at the open Saturday. All the seeded players did what was expected

of them and with dispatch.

Martina Navratilova, No. 1

women's seed, beat Nancy Yeargin, 6-3, 6-3. Such is Navratilova's confidence now that it begs the question: How will she react emotionally if she loses? "That's a good question," she

Tracy Austin, seeded third, beat Jo Durie, 6-4, 6-3. Pam Shriver, No. 7, downed Dana Gilbert, 3-6. 6-2, 6-3, 6-1, and Hana Mandlikova, No. 5, defeated Manuela Maleeva, 7-6 (7-4), 6-2

Among the men, No. 3 seed Ivan Lendi, who barely downed Tim Mayotte Friday night, had an easy third-round match against Harold Solomon, 6-3, 6-0, 6-1. Lendl, at one stage three points away from defeat against Mayotte, was forced to struggle until the fi-nal point of a 6-4, 3-6, 4-6, 7-6, 6-4

victory.

Lendl won the fourth-set tie breaker, 7-4, and then came back from a break down in the fifth set. Five times, Mayotte staved off match point in the final game before finally bowing out when he sent a forehand long.

Chip Hooper upset 16th seed Roscoe Tanner in their secondround match Friday, 6-7, 7-6, 4-6, 7-5, 7-6, while John McEnroe was a 7-6, 6-4, 6-3 victor over Marty Davis and Navratilova survived a scare to beat Jill Davis, 7-6, 6-1. Second seed Jimmy Connors enjoyed an easy passage into the third round, beating Hank Plister,

Hooper and Tanner have two of the biggest serves in the business, and Tanner produced 24 aces to nine for his opponent, But Tanner became visibly upset when, on at least three occasions when he rushed the net, the 6-foot-6, 210pound Hooper blasted the ball directly back at him, hitting him.

After the match, Tanner commented: "I think you should just play the game and not do any of the other stuff."

Hooper offered no apologies. "I remember once when I did that against Lendl," he related. "He said, 'Stay back - I didn't ask you to come in. I'm following Lendl's advice. It's OK to play aggressively. I wouldn't call it a tactic, but it's a good way to intimidate your

was No. 14 Brian Teacher, who dropped a 7-6, 7-6, 7-6 decision to Scott Davis. He was the sixth men's seed to lose in the first two rounds.

Advancing to the third round among the seeded men were Eliot Teltscher, Johan Kriek, Steve Denton and Guillermo Vilas, Among the winning women seeds Friday were Mandlikova, Wendy Turn-bull, Kathy Rinaldi, Bonnie Ga-dusek, Zina Garrison and Andrea

Friday's Results

Priday's Results

Algars Subsells
Second Rouse
John McCenroe, U.S., def. Martin Davis, U.S., 74, 6-4, 6-3; Jimmy Connors, U.S., def. Mark
Phister, U.S., 6-4, 6-4, 6-7; Ille Nostone, Romonia,
def. Terry Moor, U.S., 6-1, 6-4, 7-4; Tom Guillisson,
U.S. def., Jerome Polier, France, 6-1, 6-1, 6-1; Kim
Warwick, Australia, def. Chris Mayorite, U.S., 64,
6-2, 6-6; Mei Purculi, U.S., def. Respected Stewart,
U.S., 6-1, 6-1, 6-0; Ellet Teitscher, U.S., def. Cry
Leads, U.S., 6-3, 6-1, 6-2; Jimmy Arias, U.S., def.
Shlowne Glickslein, Israel, 6-4, 6-2, 6-1; IvanLandi, Caschanlowskia, def. Tim Mayorite, U.S., 6-4,
4-4, 4-6, 3-4; (ret.); Chris Lewis, New Zacland, def. Mart Mitchell, U.S., 6-1, 6-1, 7-4 (7-2);
Fritz Buetnina, U.S., def. Jim Brown, U.S., 7-5, 66-4, 1-4, 6-3; Chip Mooper, U.S., def. Roscoe

South Africa. def. Victor Amaya, U.S., 7-4, 7-5, 7-5: Johns Fillet. Chile. def. Freddle Sauer. South Africa. 4-4, 7-4, 4-4, 4-7, 7-4; Scott Davis, U.S. def. Brian Teacher, U.S., 7-6, 7-6, 7-6; Sleve Denion, U.S., def. Claudie Tomappa, Indy. 4-3, 4-2, 7-6; Horald Solomon, U.S., def. Thierry Tulosne, Fronce, 6-2, 6-7, 7-5, 6-0. Guillermo Viles, Artentino, def. Marcos Hocaver, Brazil, 4-4, 2-6-3. WOMER HTS SINGLES

Second Rosses

Martina Novretitiova. U.S., def. Jill Davis, U.S., 7-4, 6-1; Hona Mandillarva. Caschoslovatin, def. Anne White, U.S., 7-6, 6-2 Wendy Turnbrill, Australia, def. Sandra Lee Collins, U.S., 7-4, 6-4; Elise Bursin, U.S., def. Leigh Ann Thompson, U.S., 4-13; Claudia Kohde, West Germany, def. Ivenna Madrugo-Osser, Argentina. 6-1, 6-2; Jistisifer Mundel, South Africo, def. Niki Schillis, U.S., 4-6, 4-3; Wendy White, U.S., def. Berbara Rossi, Italy, 6-1, 6-0; Bonsis Godusek, U.S., def. Dlanse Frantheitz, Australia, 6-4, 6-4, 6-2; Andrea Ternesson, Hungary, def. Peanut Louis, U.S., 6-1, 6-4; Kate Lathorn, U.S., def. Peanut Louis, U.S., 6-1, 6-4; Rossbara Hollautid, U.S., 7-4, 1-6, 7-4, Duk Lincingsground, 34, 64, 7-5; Hagmer Crows, U.S., def. Sorbara Holleutsi, U.S., 7-4, 1-6, 7-4, Duk Hae Lee, U.S., def. Condy Reynolds, U.S., 6-1, 7-6; Andreo Josper, U.S., def. Yvanne Vermack, South Africa, 6-1, 6-0; Zing Garrison, U.S., def. Kofftleen Cummings, U.S. 6-1, 6-2.

> Saturday's Results MEN'S SINGLES

MEN'S SINGLES
Third round
Yonnick Noofs, France, def, Eric Korito, U.S.,
7-5, 6-7, 6-4, 3-4, 6-4; Gene Marver, U.S. def. Mark
Dickson, U.S., 4-6, 7-4, 6-2, 6-1; Tim Wornick, Alzirolla, def. Hehm Gurrthardt, Switzerland, 6-3, 6-2,
6-1; Mart Davie, U.S., def. Hons Simonsson, Sweden, 3-4, 6-2, 6-1, 6-1; Ivan Lendt, Czechoelavolia,
def. Herold Solamon, U.S., 6-3, 6-0, 6-1; Mals
Wilander, Sweden, def. Tim Wilkison, U.S., 6-4, 6-1,
1, 2-4.

WOMEN'S SINGLES

WUMER'S SINGLES
Third Reseal
Pern Shriver, U.S., def. Dona Glibert, U.S., 3-6,
4-2, 4-1; Virginia Ruzici, Ramania, def. Beth
Herr, U.S., 5-4, 5-2; Andrea Leand, U.S., def.
Heather Rudolf, U.S., 5-4, 5-2; Vicki Neison, U.S.,
def. Lucia Ramenav, Ramania, 5-2, 5-2; Ragalyn
Folrbank, South Africa, def. Alycia Mouthon,
U.S., 6-4, 6-2; Martina Novraliteva, U.S., def. Nancy Yearsin, U.S., 6-3, 7racy Austin, U.S., def.
Jo Durla, Britain, 6-4, 6-3; Hona Mandikiava,
Czechoslovskia, def. Manuela Moleeva, Bujgar-



with 1:48 left gave the University of Florida a 17-14 victory over the University of Miami. Jones caught



'A very nice gesture.'

Compiled by Our Staff From Dispatches
COLLEGE STATION, Texas ---

Boston College's sophomore quarterback, Doug Flutie, spoiled Jackie Sherrill's coaching debut at Tex-

as A&M by throwing three touch-

down passes and running for another score in a 38-16 victory here

loss in 16 years - since a 38-3 de-

feat by Georgia Tech in 1966. Sherrill left the University of

FOOTBALL ROUNDUP

Pittsburgh for a \$1.6-million, five-

Flutie, the ninth leading passer in U.S. college football as a fresh-

man, threw a 44-yard TD pass to

wide receiver Jon Schoen in the

first period and hit him again for a

16-yard scoring strike in the sec-

His third TD pass was a 32-yarder to Brian Brennan in the

The 5-10, 175-pound Flutie, who also scored in the first half on a

bootleg run around left end after a

fake handoff had confused the Aggie defense, completed 18 of 27 passes for 346 yards.

The highy favored Aggies got field goals of 28, 27, and 44 yards

from David Hardy. Quarterback Gary Kubiak also hit tight end

Mark Lewis with a four-yard scor-

Florida 17, Miami (Fla.) 14 In Gainesville, Fla., fullback James Jones' touchdown catch

year contract at Texas A&M.

It was the Aggies' worst opening

Saturday night.

ond quarter.

third period.

1-Hitter by Palmer Defeats Twins; Orioles Climb Into Second Place

Compiled by Our Staff From Dispatches
BALTIMORE — Jim Palmer
pitched the fifth one-hitter of his career, yielding only a fifth-inning single to Gary Gaetti, as the Baltimore Orioles moved into second place in the American League's Eastern Division by defeating Minnesota, 3-0, here Saturday

night. It was Palmer's 11th straight vic-

BASEBALL ROUNDUP

tory, matching his best streak ever, and his second consecutive shutout. The Orioles have have won 14 of 15 games. Eddie Murray provided the only essential runs with a two-run home run, his 26th of the year, off Bobby Castillo in the first

As Palmer walked in from the bullpen before the start of the

Boston College Upsets Texas A & M

plunge late in the third quarter to go ahead, 14-10.

Arizona St. 34, Oregon 3

In Eugene, Ore., Arizona State, which led the Pacific 10 in defense

against the run last year, converted

a pair of turnovers into touch-downs to defeat Oregon, 34-3. ASU linebacker Willie Green in-

tercepted a Kevin Lusk pass and

returned the ball 43 yards to the

Oregon 20, setting up Dwaine Wright's 1-yard touchdown run and a 10-3 lead. Arizona State upped the score to 20-3 late in the

third quarter when Lusk fumbled

on his own 10, and Mitch Callahan

Mississippi 27, Memphis St. 10

erback Kent Austin threw a 7-yard

touchdown pass to wide receiver Mike Harmon and Todd Gatlin

kicked two field goals to lead Mississippi to a 27-10 victory over

Memphis State. Split end James Harbour recovered running back

Kinny Hooper's fumble in the end

zone for a first-quarter touchdown and tailback Andre Thomas

capped a 67-yard drive with a 13-

yard touchdown run with 23 sec-

onds left in the game for Mississip-

Penn State 31, Temple 14

Blackledge threw four touchdown

passes to lead Penn State over

Temple, 31-14. Blackledge com-

In University Park, Pa., Todd

In Oxford, Miss., reserve quart-

recovered for the score.

game, he was vigorously applauded by the crowd of 19,536. That was a very nice gesture on their part," he said. "That hasn't happened since the 1973 playoffs." Palmer expressed his appreciation not with a tip of the cap but by retiring the first 14 batters.

No Minnesota runner got past first base. Gaetti singled past shortstop Cal Ripken into center

field on an 0-1 fastball with two out in the fifth. Lenny Faedo walked on four pitches in the sixth and pinch hitter Randy Bush walked on a 3-2 pitch to lead off the ninth. None advanced.

Mariners 4, Red Sox 3

In Boston, Julio Cruz's two-run single highlighted a four-run sec-ond as Seattle beat the Red Sox, 4-3, despite three wild pitches by Gaylord Perry (8-12). Perry is ap-pealing a 10-day suspension for al-

the longest a 40-yarder to Curt

Warner. Blackledge's other scoring

pass came in the fourth quarter, a 22-yarder to Jon Williams, who

also caught a 16-yarder in the first

Missouri 28, Colorado St. 14

In Columbia, Mo., Marlon Adler passed for 219 yards and

one touchdown and scored on a

three-yard run to spark Missouri

to 28-14 victory over Colorado

State. The winners' defense forced

Mississippi St. 30, Talane 21

In New Orleans, Mississippi State quarterback John Bond rid-

dled the Tulane defense, complet-

ing 13 of 16 passes, in leading the Bulldogs to a 30-21 victory. The

teams combined for 925 yards in total offense and 54 first downs as

both offensive lines overpowered

New Mexico 41, Wyoming 20

born ran for one touchdown and

passed for another to lead New

Mexico to 41-20 victory over Wyo-

In Laramie, Wyo., David Os-

their defensive counterparts.

mine turnovers.

legedly throwing spitters in a re-cent game against Boston. Four times on Saturday, Red Sox batters asked home plate umpire Steve Palermo to examine the ball; he tossed one ball out. "It's just the way I pitch," said Perry.

Brewers 8, Angels 2

In Milwaukee, Gorman Thomas drove in two runs with a triple and a double to pace a 15-hit offense that gave the Brewers an 8-2 victory over California. Pete Vuckovich (16-4) pitched a seven-hitter. Luis Tiant (2-2) yielded three runs in the fifth and two in the sixth as Milwaukee took a commanding 7-

Yankees 3, Royals 2

In Kansas City, Mo., Dave Win-field's one-out homer in the ninth broke a 2-2 tie and enabled New York to defeat the Royals, 3-2. Winfield's 27th home run of the year made a winner of Shane Rawley (10-8), who yielded six hits in eight innings.

White Sox 4, Rangers 0

In Chicago, Richard Dotson threw a four-hitter and Greg Luz-inski hit his 17th homer of 1982 to pleted 14 of 25 passes for 203 yards in an unusually pass-oriented attack for Coach Joe Paterno. lead the White Sox past Texas, 4-0. The Nittany Lions gained only 100 Chicago has six straight victories and Dotson (10-11) has won his yards on the ground, the 10th-lowest total since Paterno became last seven decisions. coach 17 years ago. Penn State took a 21-0 lead in the first quarter on three TD passes by Blackledge,

Indians 4, Blue Jays 3 In Cleveland, Rick Manning sin-

gled Von Hayes home from second to break a seventh-inning tie as the Indians defeated Toronto, 4-3, and swept a three-game series. Toronto has finished last in the Eastern Division in all five years of its existence; in four of those, Cleveland has been sixth. "It's the battle of the basement," said Manning, "Big deal — what's the difference be tween sixth and seventh? A's 4, Tigers 3

In Detroit, Tony Armas homered and hit a tie-breaking, ninth-inning sacrifice fly to enable Oakland to beat the Tigers, 4-3. Mike Norris (7-9) went the distance for the A's, giving up five hits and striking out eight. Pirates 1, Dodgers 0

In the National League, in Los Angeles, Lee Tunnell, making an

emergency start for his first major league appearance, pitched Pittsburgh to a 1-0 victory over the Dodgers and Fernando Valenzuela I (17-10). Scheduled starter John Candelaria was sidelined with an inflamed shoulder muscle. Tunnell, called up from Portland on Thursday, allowed only four hits through seven innings; a blister forced him to leave in the eighth. Lee Lacy's first-inning home run accounted for the game's only run.

Giants 5, Cardinals 4

In San Francisco, Jack Clark's three-run homer in the ninth prolead going into the inning. Jeff Leonard and Joe Morgan delivered singles, however, and reliever Bruce Sutter replaced Jim Kaat. Sutter got Chili Davis on a grounder, but Clark hit Sutter's next pitch high over the left-field

Expos 4, Braves 1

In Montreal, Warren Cromartie had three hits, including a first-in-ning home run, to lead the Expos to a 4-1 decision over Atlanta. Scott Sanderson, giving up five hits through six innings, brought his record to 9-11. Jeff Reardon carned his 22d save.

Phillies 4, Astros 2 In Philadelphia, Bo Diaz drove in three runs with a double as the

Phillies downed Houston, 4-2. Mets 3, Reds 2 In New York, Dave Kingman's 32d homer of the season was the

difference in the Mets' 3-2 victory

over Cincinnati. Padres 4, Cubs 1 In San Diego, Terry Kennedy hit two two-run home runs and Tim Lollar pitched a three-hitter

as the Padres bested Chicago, 4-1. Lollar (13-8) missed his third shutout of the year when Jody Davis led off the sixth with his 10th homer of the year.

The congress also voted

overwhelmingly to limit and strict-ly control the number of major in-

ternational invitational meets by

All permit meets must be ap-

proved by the IAAF and all ar-

rangements with athletes, includ-

ing appearance money, must go

through their national federations.

be set at a meeting of the IAAF council in late October. They will

be the only meets at which partici-

pation money will be sanctioned by the IAAF — and then only if it

is paid to national federations to

The permit meets for 1983 will

establishing a "permit system."

Athletes' Appearance Money Is Approved by Track Body careers will be ended. They will be declared ineligible and will not be

not reinstated.

ATHENS - The congress of the International Amateur Athletic Federation voted Saturday in favor of appearance money for track stars, to be paid into trust funds administered by their national associations. The money may be used to help them with training during their competitive careers, or paid to them in cash when they re-

Saturday's Result New England 41, Green Bay 27 Suffale 13, Detroit 10 Philisburgh 27, Philadelphia 24 Baltimare 26, Chicago 77 Konsos City 10, St.Louis 6 New York Lefe 14

Deriver 20. New York Jets 14

Dallas 20. Houston 14 Cleveland 27. Raiders 18

the practice of under-the-table payments to track and field's top stars but at the same time to give them an eventual share of the television fees and commercial sponsorship they help to attract.

Transactions

BASEBALL American Lacque
CALLFORNIA-Dropped the His of the Eastern League as a minor league affili-

MILWAUKEE-Sant Kavin Boss, ou

BASKETBALL

PHOENIX-Anniunced that Rary White, for-

FOOTBALL NEW ORLEANS—Cut James Walker, Min

be held in trust.

SEATTLE-Accepted Roper Corr, wide re Graft choice. United States Football League

ride receiver. CHICAGO—Signed Lou King, defeasive box

ADELPHI-Named Patricia Personal



By Pani Attner egron Post Service WASHINGTON — Fans may love the pro football of the 1980s, with its jazzy passing, computerdevised formations and high scor-

But what about the poor personnel scout, the guy who has spent most of his adult life studying game films of Sam Huff and beheving Woody Hayes knew more about passing than any coach

For that scout to survive until his pension comes due, he is going to have to adjust. To help him, here is a road map of a changing game, where teams gaining 400 yards a game are becoming as commonplace as Al Davis' beating the National Football League in

• Tight ends who weigh 250 pounds and look like wide receivers are in. Tight ends who are big but run like John Mackey are out.

Blame Kellen Winslow. The San Diego Charger tight end is almost as fast as a sprinter, is strong enough to block and, once he gets free in the secondary, big enough to run over defensive backs. So now almost everyone in the

league wants a Kellen Winslow. The problem is there are not many Winslows around. For a while coaches were making big, quick players into defensive linemen. But with more teams wanting at least two front-line tight ends, each with improved mobility and with no

be you can envision a lineman, like er a tackle, moving out to tight end," said Washington Redskin General Manager Bobby Beathard.

• Cornerbacks who can do well in man-to-man coverage and tackle like a linebacker are in. Corner-backs who need to be hidden with-

in zone defenses are out.
"It's come full cycle," said Beathard. "Once, you looked exclusively for cover men, guys who could survive in man-to-man. Then zones came in, and you didn't need a guy with quite the quickness. As long as he was solid and willing to play within a team defense, he could be an asset.

"Now, with the new passing rules, a corner who can cover tightly is a real need. Otherwise these receivers will be almost unstoppa-

And thanks to the performance of the San Francisco 49er secondary last year, cornerbacks are ng asked to play more aggressively and come up faster on end sweeps. Their ability to stop a runner is becoming almost as valuable as their quickness when back-

 Nose guards are in Lumbering defensive linemen, especially tackles, are out.

This is one area in which colleges and pros agree. College coaches long have used defenses requiring a nose guard, and for

look at things differently.

Selves men without a position in moves in the league, and lost none the NFL. They were too small for of their key players. guys at different positions, so may tackle, too slow for end. No long- "As far as I'm conce

"With everyone going to a 3-4, you need nose guards," said Beathard, whose team is one of the few 4-3 teams in the league. "Nobody really likes to play that position. You take a beating on every play. Plus you have to have some unique qualities. You have to be big enough to stand up to double teaming, and you have to be quick enough to help with the pass

• Linebackers who can blitz as well as they can tackle are in. Linebackers who rely more on strength than quickness are out. Blame that on Lawrence Taylor.

Last year, as a rookie for the New York Giants, Taylor drew everyone's attention with his ability to rush the passer "He certainly makes you think

about coming more often with one linebacker who is especially hard to block," said Redskin Coach Joe Gibbs. "I mean, he just killed people last year, even though you knew he was coming."

Now other teams are reexamining their strategies, seeing if they can employ a Taylor look-alike.

Those may not be the only, changes a scout must adjust to. Nobody in the pros is about to move to an option offense, in which the quarterback takes a constant pounding while sprinting down the line. But some coaches, such as Gibbs, do not mind letting a quarterback roll out more frequently than in past years, giving defenses more to worry about.

With the liberalized passing rules, the Bob Chandler-type receivers - with nifty moves but less than amazing speed — are be-coming relics. Again, the emphasis is on quickness. Teams are more willing to take on long-range projects, those players who may be short on technique but long on breakaway talent, such as Retialdo Nehemiah of San Francisco, a star in track and field but an as-yet-unproven commodity on the football

If the scout wants to survive, he also would be wise to become friendly with the more successful offensive coordinators in the league. Future head coaches once came from the NFL defensive ranks. Now, Gibbs, St. Louis' Jim Hanifan, Denver's Dan Reeves and the Giants' Ray Perkins have advanced after establishing themselves as top offensive thinkers.

"Funny thing," Gibbs said, "but the way everything runs in cycles, maybe von'il see a return to defense after a few years. If things bog down, everyone will start looking for ways to change things again." But one thing even rules cannot

affect is the increasing importance of injuries. With most teams evenly matched, it only takes a small change to make one team into a winner and another into an also-Last year's Soper Bowl teams.

San Francisco and Cincinnati, made it through the season with

sacrifice in size, scouts have to years those athletes found them- They had among the fewest roster

Richie Petitbon, the Redskin defensive coordinator, "the team with the best chance to be a winner this year is the one that stays healthy. And how can you tell that until after the season is all over?"

the 17-yard pass from quarterback Wayne Peace four minutes after Jeff Davis missed a 31-yard field goal attempt that would have put the Hurricanes ahead, 17-10. Florida led, 10-7, at halftime, but quarterback Jim Kelly led Miami on an 86-yard, 14-play scoring drive, culminating in Mark Rush's l-yard

SPORTS BRIEFS

Grand Prix Racing Ban Threatened

PARIS — The Safety Commission of the International Auto Sports Federation (FISA) has threatened to ban grand prix racing next year if the cars are not slowed down.

Derek Ongaro, FISA's circuit safety inspector, confirmed the committee's position in a telephone interview Friday from London with The Associated Press. The safety group said that grand prix cars "have outstripped the safety margins of many circuits and would soon engulf It warned it "would not issue further Formula 1 licenses to circuits" and would "reserve the right to withdraw" current licenses "unless action is taken to reduce the performances, particularly cornering

World Championship grand prix races cannot be held without a safety license, which also is necessary for insurance. The next meeting of FISA's executive committee is Oct. 11.

Saronni Cycles to Road Race Title GOODWOOD, England - Giuseppe Saronni of Italy powered ahead

over the final 300 meters Sunday to win the 275-kilometer (170-mile) road race for professionals at the world cycling championships. Saronni, second in last year's competition, beat second-place Greg Lemond of the United States by five seconds. Sean Kelly of Ireland was third. Frenchman Bernard Hinault, winner of this year's Tour de France,

and defending champion Freddy Maertens of Belgium both abandoned the race. Hinault complained of gear problems, while Maertens blamed a lack of preparation.

Island Whirl Wins Woodward Stakes

NEW YORK - Island Whirl led from the start to win Saturday's Woodward Stakes at Belmont Park by five lengths over Silver Buck. The New York Racing Association will give a \$1-million bonus to a horse that sweeps its fall championship series - the 14-mile Woodward, the 14-mile Marlboro Cap Sept. 18 and the 14-mile Jockey Club Gold Cup Oct. 9. Island Whiri's opponents in the Marlboro Cup will probably include Timely Writer, the pre-Kentucky Derby favorite who missed that race and the other two Triple Crown events because of surgery, and Perrault, winner of the recent Arlington Million.

Sigel, Tolley in Amateur Golf Final BROOKLINE, Mass. - Jay Sigel and David Tolley scored 18th-hole

victories here Saturday to advance to Sunday's final of the 82d U.S. Amateur golf championship. Sigel, the 1979 British Amateur champion, outlasted Rick Fehr, 1-up.

Fehr, who had missed a 3-foot birdie putt on No. 17, failed on a 5-footer for par on the 18th. Sigel, who had made a 45-foot par putt on 17, sank a 1-footer at 18. Tolley closed out Jim Hallet, 1-up, with a 40-foot birdie

Peete Leads B.C. Open by 1 Stroke ENDICOTT, N.Y. - Calvin Peete emerged from a battle with playing

partners Fuzzy Zoeller and Jerry Pate with a one-stroke lead after Saturday's third round of the B.C. Open golf tournament. Peete shot a 7-under-par 64 for a three-round total of 196. Zoeller, who had a 9-under-par 62 Friday to take a two-shot lead over

Peete after the second round, turned in a 67 Samrday for a 197 total. Pate, who birdied five of the first seven holes and then reeled off 11 consecutive pars for a 66, is at 199. Tom Kite is six back at 202 and Doug Tewell is at 203. Duran Upset by Laing in 10 Rounds

of the British Commonwealth, upset Roberto Duran on a split decision in their 10-round junior middleweight bout here Saturday night. Laing improved his record to 24-3-1. The loss was Duran's second straight in his comeback attempt after quitting in his World Boxing Council welterweight championship fight with Sugar Ray Leonard in

DETROIT - Kirkland Laing, a former junior middleweight champion

Florida tight end Chris Faulkner dove for extra vardage after taking a first-period pass quarterback from Wayne Peace. Flori-da defeated Miami, 17-14, on a touchdown pass with 1:48 left.

Final NFL Exhibition Standings AMERICAN CONFERENCE

4 0 0 1,000 90 66 2 2 8 _520 73 79 1 3 8 _250 98 125

West 4 0 0 1.000 97 .500 .467 College Football Scores

Syrocuse JL Rutgers B SOUTH Duke 25, Tenne Duke 25, Tennessee 24 E. Kantucky 20, S. Curolino St. 19 Florida St. 38, Cincinnati 3 Fibrias St. St. Cercunnan 34 Georgetown, Ky. 21, W. Virginia Tech 17 Grambling St. 42, Morgan St. 13 Jackson St. 21, Alabama St. 7

Mershoil 30, Kent St. 21 McNesse St. 42, Texas A&I 21 Mississippi 27, Memphis 51, 10 Mississippi 51, 38, Tukme 2 N. Carolina St. 26, Furman a S. Carolina 41, Pacific U. 6 S, Mississippi 45, N.E. Lautelana 27 Virginia Tech 25, Richmond 9 Wake Forest 31, W. Caroling 10 Bowling Green 40, Ohlo U.n.

Oroice 40, N. Jawa 13 Ittinois 49, Northwestern 13 Akissouri 28, Calorada St. 14 Toledo 9, N. Itilpois 3 SOUTHWEST Abiliane Christian 33, W. Texas 51, 25 Boston College 35, Texas A&M 16 Baylor 21, N. Texas St. 17 Tulso 35. Air Parce 17 FAR WEST

Arizona St. 34, Oregon 3 New Mexico 41, Wyoming 20 More Sports On Page 17

The scheme is designed to stop

Once athletes choose to draw on the trust funds, their competitive

and Alias Modes and Frank DiPino. Pitchers. From their Vancouver farm club in the Pocific Coast Lesgue to the Houston Astros to complete the deal for Don Suffon.

UTAH-Trutad Dominique Wilkins forward

TERY TONA Ernst Baumann, 33, was fatally injured Saturday during the International Military Equestrian championships in Luhmühlen, West Germany. Banmann's stallion, Beaujours, fell while taking a harrier and landed aton the Swiss rider.

only a sharp with the scenes and comments are to Be will be no prefer a and size Harrison is the mile e novels, including his and the forticing 18 " She wrote to the The contract was 4 % was led, and West will with the queen Well -30md but South met d cashed enough trick nursei. She led a diseas oping for an order terraliza t could have make v more difficult is pin. ucen the first time les But South world us: d and played the death it had been led Thous ग्रेष्ठ could be test 👜 play kept in menth NORTH ₽K85 QQ18785 742 COULT

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LANGUAGE

Political Somersaults

By William Safire WASHINGTON — When a re-V porter asked President Ronald Reagan if his reversal of past form — to support a tax in-crease — could enable critics to say that he had enable critics to say that he had "flip-flopped on the tax issue," the president re-plied: "There is not any flip-flop on this stall."

on this at all." Flip-flop both noun — has a firm place in the language, especially in political parlance. This hyphenated reduplication first appeared in Engries ago to de-

scribe large ears, and reappeared briefly to imitate the sound of slippered feet on a wooden floor. These meanings soon died, replaced by the meaning of somersault — the type in which the performer holds his body stiff and throws himself over, first on his bands and then on his

This tumbling feat — not to be confused with a handspring gained metaphoric use in the 1940s, when fickleness was described as "heart flip-flops." Political orators, ever on the lookout for colorful ways to accuse opponents of opportunism, quickly seized upon it. Richard Nixon's decision to impose wage and price controls in 1971 was denounced - accurately — as a flip-flop. He count-ered with a bland observation that

"circumstances change." Most political figures shy away from charges of flip-floppery; sudden shifts of opinion, or reversals of previous positions, are considered admissions of error. Hence Reagan's insistence that his new position did not constitute a flipflop. His most ardent supply-side critic, Rep. Jack Kemp, showed a certain subtlety in his choice of words: Rather than offend his longtime leader with the harsh "flip-flop," Kemp preferred "Uturn," which means the same (a 180-degree change in direction)

but without acrobatic connotation. Diplomatists making the same charge often select the French term volte-face, akin to the military order about-face. In German, a word for turnabout is Kehrtwendung, but politicians in West Germany have also sensed the need for a lively word to accuse opponents

equivalent of the English flip-flop," advises Karl Prince, of the West German Embassy in Washington, "would be umfallen for the verb and Umfall for the noun."

"OUR first-period English class," writes Matt Ritchie of New Haven (Indiana) Junior High, probably with Mrs. Donald Steiner, his teacher, jabbing a piece of chalk in his back, "recently ran into a controversy over whether the plural for timeout was timesout or timeouts. We would like you to tell us: Which is the

correct plural?"

The best way to make a compound noun plural is to add the S to the most important part of the noun. For example, in attorney general, the key noun is attorney: the plural is attorneys general. In lieutenant general, the lieutenant modifies the key word, general — so the plural is lieutenant generals.

Similarly, any mother-in-law will tell you that her motherhood is most important: That's why we have mothers-in-law. When we expand that to in-laws in general, we make plural the "law," which dominates the "in."

What do you do when a compound noun has no word that stands out as obviously the most important? Tack the S on the end. Most lexicographers would agree with Dolores Harris, an editor of Houghton Mifflin's American Heritage Dictionary: "On the whole, except for special cases such as mother-in-law, the pluralization of hyphenated words occurs at the end of the word." She

said a mouthful, or two mouthfuls. All that suggests "timeouts." But let us see what is happening in the real world. Liz Kubec of the National Basketball Association says, "The NBA pluralizes timeout as timesout." That's official. In baseball, the question is scorned. Baseball does not have a timeout," reports Katy Feeney of the National League. "There is only time . . . the announcement by the umpire of the legal interrup-tion of play, during which the ball is dead."

In hockey and football, however, the plural is timeouts. Common usage is on their side. Can you imagine the confused football quarterback saying, "How many timesout have I remaining?" No. the usage is, "How many timeouts do I have left, for God's sake?"

New York Times Service

Indonesia's 'New Expressionist'

'I'm Not a Camera,' Says Affandi, Who Paints Only 'What I Feel'

By Victoria Butler

TOGJAKARTA, Indonesia — Dressed in a faded aquama-rine T-shirt and baggy blue jeans, the aged Javanese painter sur-veyed his domain, a lime-green house and a huge concrete cave where his masterpieces hang. His bright yellow car was parked in front, and a big Balinese fertility statue swung overhead. Allandi's eyes crinkled, and a grin, revealing only one tooth, spread across his face: "My neighbors call me the mad artist."

To most other Indonesians. though, Affandi is part of the na-tional treasure. In the postcolonial era, he won international acclaim for his expressionist paintings and assured Indonesia a place in the annals of modern art. The government honored his achievements by making his gallery a museum several years ago. It is the only private gallery in the country to have been thus fa-vored. Indonesia's military and political leaders boast about the Affandis they own; President Suharto has six.

Success Came Slowly

Affandi's success at home came slowly, however, and long after he had achieved a measure of fame abroad.

The son of a mapmaker, Affan-di was born in 1910 in Cirebon, not far from Jogjakarta, the cul-tural center of Indonesia. At an early age he began sketching. Af-ter graduating from high school, he wanted to go to the Nether-lands to study art. "But my mother said she wouldn't spend one cent to send her son to become nothing but a poor artist. She told me I could go and study medicine or engineering, but not

Despite his mother's opposition, he started painting, teaching himself. He supported himself by doing odd jobs - from whitewashing walls to making designs for shops. "In those days I wasn't-so creative. I had to learn the techniques by myself, and that takes time.

He sold his first painting to a Dutch colonial official for 75 cents. The prices for his paintings
— colorful swirls and streaks across medium-sized canvases --now start at \$4,000.



Affandi

By the beginning of World War II he had gained a local reputation as a competent artist. The Japanese asked him to paint a poster to help them recruit labor for the campaign in Burma. He submitted a canvas depicting a starving men slaving in a jungle hellhole. They did not buy it.

In 1950, Affandi packed up his wife and daughter and went to Europe to study the modern masters and exhibit his work. "I had the courage to go to Europe because I saw a film of an old man sweeping the streets of Paris. I said to myself, if he can live in Paris, so can I."

He landed in London, where the Indonesian Embassy agreed to sponsor his first exhibition. In the Netherlands, Brussels, Paris and Rome during the next five years, he haunted museums and art galleries, and he painted. A British art critic, Herbert Reid, admired his work and told Affandi he had created a "new expressionism.

When he returned to Indonesia in 1955, his brother met him at the harbor. After embracing Affandi, he said, "You are an artist and I am an engineer, but you have the name. Affandi believes painting

should record emotions: "I'm not a camera. I paint not what I see, but what I feel "

But his early works, mostly still lifes and portraits, are more realist, "I had to master techniques. Now I can let my feelings go. He contrasted an early painting of his mother with one done more recently. The browns and blacks in the latter whirl around the canvas. The face, though barely re-cognizable, radiates energy and determination.

Paintings of Mother

"I observe the subject, study it and get to be one with it. Doing the painting takes only one hour, but knowing the subject may take

His favorite subject is himself: Over the years he has done hundreds of self-portraits. Many hang in his museum; they are considered by critics to be among his best paintings. "It's a cheap subject," he said, laughing. Then he added, more seriously, "And it's the subject I know best."

A vital man who still enjoys life to the fullest - he divides his time between the homes of his two wives - Affandi describes himself as a humanist. His sense of humor belies what he said is

his purpose in painting: "I like to express sorrow, misery, cruelty. Take the subject of a cock fight. I paint them not because I like cock fights but because I hate them. My subject is often a dead cock after the fight. "I let my emotions go. I like to

paint fishing boats. They speak to me" — he paused, grinned, and added, "but maybe not to you." He pointed: "If I drew that chair, you might not recognize it."

He rises with the sun and paints in the open air. He no longer uses brushes: "I use my fingers and the palm of my hand. I have the feeling that the top of my finger is more sensitive than the top of a brush."

Designed Home and Gallery He designed both his bome and his cavelike concrete gallery. The house, which is supposed to look like a trunk topped by a giant banana leaf, almost collapsed when Affandi was building it. Now it has too many supports, he lamented. "I know the form but not the construction." The gallery design began as scribbles

across a piece of paper.
Since his first European visit three decades ago, Affandi has left Indonesia 29 times to exhibit on four continents. His paintings may be found in private collections and museums in such disparate places as Brazil, India and Japan. He has painted nearly 2,000 canvases, about 200 of which are in his private collec-

A Chinese collector in Jakarta has bought more than 200 Affandis. "It's an investment," the artist said. "He's waiting for me

He says he does not plan to go abroad again. Nowadays people come to him. Often they commission him to do paintings on par-ticular subjects. "I make one condition: I make the painting for myself. I'm hungry in my paint-ing. When I finish it, I must be sure I put all my emotion into it, that I have expressed my feelings about the subject."

With a shrug, he added, "That way, if they don't like it and won't pay for it, I still have a good painting. No painting is ever perfect. But each time I try to make it as near perfect as pos-

Museum for Women

LETTER FROM BONN

By David Lewis

BONN - A formerly disused warehouse in an old quarter of Bonn is now a thriving museum for the protection and display of art in its most modern and female form. Its founders believe it is unique,

Speaking of the Frauenmuseum (Women's Musuem), its co-found-er, Marianne Pitzen, 34, says: "Other places have workshops for women, but this is the only true museum we know of. We have archives on women artists, we have artists' ateliers and we are forming a collection of women's art."

The three floors of the former textile warehouse are shared by 14 organizations under the umbrella of a museum association formed last year by Pitzen and another art-

ist, Edelgard Breitkopf, 36.
They persuaded Bonn's city council to grant them the ware-house rent-free for an indefinite period after one women's group successfully used the premises for an art exhibition.

Now there is a health shop, a women's magazine, a women's news agency and an organization to help women with their psycho-logical problems. Space is some-times sublet to meditation classes. dance classes and other groups.

"We seek our artistic battlefields wherever our influence is needed, in architecture, city planning, biology, ethnology, archaeology, theater and film," a museum manifesto declares.

"We want to rediscover our own culture and create something total-ly different from the normal, maledominated cultural scene," says Breitkopf.

Much of the 3,000 square meters (more than 30,000 square feet) of floor space, plus the courtyard behind, is devoted to constructions, sculptures and performances by the museum's 60 permanent members and hundred or so less regular associates. Only a small proportion is used for the kind of work normally seen in art museums.,

"We want to go beyond the concept of square pictures, says Breitkopf. A mound of earth in the court-

yard is peppered with examples of ceramic "breast architecture" by Ulrike Koesters of Aachen.

On the second floor hang skeins of pink latex pimpled with representations of the more intimate portions of the human anatomy - "fondle art" by Renate Bertlmann

of Vienna. Pitzen says textiles, personal relationships and the search for ideal living spaces are recurrent themes in the work of female artists. One artist paints with earth mixed in water. This year's au-

tumn exhibition is entitled "Spaces of Myth and Women's Gardens. One of Pitzen's own works is a swirling labyrinth of cardboard and newspaper covering more than 100 square meters. She says the coiling seashell shapes are another

frequent motif in female art. Breitkopf specializes in "per-formance art," the acting out of a role among a collection of symbolic objects. She recently cut a wigwam shape in a cardboard frieze of popes and other historical men to reveal a temple of mytho-logical goddesses, a heap of earth and a pile of apples.

"I look at ancient cultures to find something specifically female which I then relate to myself," she

Sole Male Contribution

The only male contribution to the museum's permanent collec-tion is an untitled pile of sticks in the courtyard. A friend of ours built some

stairs for us and insisted on leaving a memento behind," Breitkopf ex-There are very few male visitors.

"Men seem frightened of us."
Pitzen says, "although those who
do come find it's quite safe once
they're over the threshold."

Many women arrive after work to weave or take more traditional art classes. Others view the exhibi-

tions or discuss women's issues in the cafe on the ground floor. Apart from rent-free premises the museum receives no public support. The warehouse floor remains bare and uncarpeted, and

the association relies for its running costs on contributions from its members and donations from its visitors. With electricity bills running at 3,000 marks (\$1,200) a month even in summer, money is always a

problem. But the women refuse to seek subsidies from the society they hope to reform.

"We regard ourselves as highly political," says Breitkopf. "Society is far too molded by the idea of male creativity. "We may not always be able to

eat in the evenings," she adds. "But our independence is very im-

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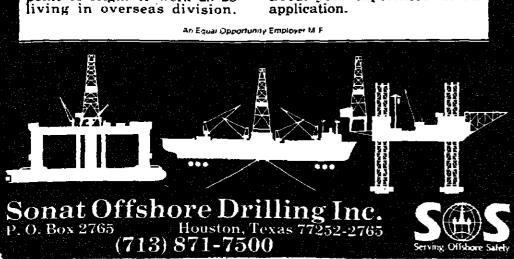
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